

REQUEST FOR PROPOSALS FOR

Investment Management Services

ISSUING OFFICE

Pennsylvania Turnpike Commission

Finance and Administration Department

RFP NUMBER

13-10320-4330

DATE OF ISSUANCE

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REQUEST FOR PROPOSALS FOR
Investment Management Services

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PART I

GENERAL INFORMATION FOR PROPOSERS

I-1. Purpose. This request for proposals (RFP) provides interested Proposers with sufficient information to enable them to prepare and submit proposals for consideration by the Pennsylvania Turnpike Commission (Commission) to satisfy a need for Investment Manager Services.

I-2. Issuing Office. This RFP is issued for the Commission by the Finance and Administration Department.

I-3. Scope. This RFP contains instructions governing the proposals to be submitted and the material to be included therein; a description of the service to be provided; requirements which must be met to be eligible for consideration; general evaluation criteria; and other requirements to be met by each proposal.

I-4. Problem Statement. The Commission is seeking proposals to provide the Commission with investment manager services with respect to investing two fixed-income portfolios in accordance with Commissions Investment Policy and applicable governing indentures.

I-5. Type of Contract. It is proposed that if a contract is entered into as a result of this RFP, it will be a fee for service based on assets being managed. The Commission may in its sole discretion undertake negotiations with Proposers whose proposals as to price and other factors show them to be qualified, responsible, and capable of performing the work.

I-6. Rejection of Proposals. The Commission reserves the right to reject any and all proposals received as a result of this request, or to negotiate separately with competing Proposers.

I-7. Subcontracting. Any use of subcontractors by a Proposer must be identified in the proposal. During the contract period use of any subcontractors by the selected Proposer, which were not previously identified in the proposal, must be approved in advance in writing by the Commission.

A firm that responds to this solicitation as a prime may not be included as a designated subcontractor to another firm that responds to the same solicitation. **Multiple responses under any of the foregoing situations may cause the rejection of all responses of the firm or firms involved.** This does not preclude a firm from being set forth as a designated subcontractor to more than one prime contractor responding to the project advertisement.

I-8. Incurring Costs. The Commission is not liable for any costs the Proposer incurs in preparation and submission of its proposal, in participating in the RFP process or in anticipation of award of contract.

I.9. Questions and Answers. Written questions may be submitted to clarify any points in the RFP which may not have been clearly understood. Written questions should be submitted by email to RFP-Q@paturnpike.com with **RFP 13-10320-4330** in the Subject Line to be received no later than 12:00 PM local time on Monday, July 8, 2013 All questions and written answers will be posted to the website as an addendum to and become part of this RFP.

I-10. Addenda to the RFP. If it becomes necessary to revise any part of this RFP before the proposal response date, addenda will be posted to the Commission's website under the original RFP document. It is the responsibility of the Proposer to periodically check the website for any new information or addenda to the RFP.

The Commission may revise a published advertisement. If the Commission revises a published advertisement less than ten days before the RFP due date, the due date will be extended to maintain the minimum ten-day advertisement duration if the revision alters the project scope or selection criteria. Firms are responsible to monitor advertisements/addenda to ensure the submitted proposal complies with any changes in the published advertisement.

I-11. Response. To be considered, proposals must be delivered to the Pennsylvania Turnpike Commission's Contracts Administration Department, Attention: **Wanda Metzger**, on or before **12:00 PM** local time on **Wednesday, July 31, 2013**. The Pennsylvania Turnpike Commission is located at 700 South Eisenhower Boulevard, Middletown, PA 17057 (Street address). Our mailing Address is P. O. Box 67676, Harrisburg, PA 17106.

Please note that use of U.S. Mail, FedEx, UPS, or other delivery method, does not guarantee delivery to the Contracts Administration Department by the above listed time for submission. Proposers mailing proposals should allow sufficient delivery time to ensure timely receipt of their proposals. If the Commission office location to which proposals are to be delivered is closed on the proposal response date, due to inclement weather, natural disaster, or any other cause, the deadline for submission shall be automatically extended until the next Commission business day on which the office is open. Unless the Proposers are otherwise notified by the Commission, the time for submission of proposals shall remain the same.

I-12. Proposals. To be considered, Proposers should submit a complete response to this RFP, using the format provided in PART II. Each proposal should be submitted in **6** hard copies of the Technical Submittal and **6** hard copies of the Cost Submittal. In addition to the hard copies of the proposal, **one complete and exact copy of the entire proposal (Technical and Cost, along with all requested documents) on CD-ROM or Flash Drive in Microsoft Office or Microsoft Office-compatible format.** The electronic copy must be a mirror image of the hard copy. Proposer should ensure that there is no costing information in the technical submittal. The CD or Flash drive should clearly identify the Proposer and include the name and version number of the virus scanning software that was used to scan the CD or Flash drive before it was submitted. The Proposer shall present the proposal to the Contracts Administration Department only. No other distribution of proposals will be made by the Proposer. Each proposal page should be numbered for ease of reference.

An official authorized to bind the Proposer to its provisions must sign the proposal. If the official signs the Proposal Cover Sheet (Appendix B to this RFP) and the Proposal Cover Sheet is attached to the proposal, the requirement will be met. For this RFP, the proposal must remain valid for at least **120** days. Moreover, the contents of the proposal of the selected Proposer will become contractual obligations if a contract is entered into.

Each and every Proposer submitting a proposal specifically waives any right to withdraw or modify it, except as hereinafter provided. Proposals may be withdrawn by written or fax notice (fax number (717) 986-8714) received at the Commission's address for proposal delivery prior to the exact hour and date specified for proposal receipt.

Overnight Delivery Address:
Contracts Administration Department
Attn: Wanda Metzger
PA Turnpike Commission
700 South Eisenhower Blvd.
Middletown, PA 17057

US Mail Delivery Address:
Contracts Administration Department
Attn: Wanda Metzger
PA Turnpike Commission
P.O. Box 67676
Harrisburg, PA 17106

However, if the Proposer chooses to attempt to provide such written notice by fax transmission, the Commission shall not be responsible or liable for errors in fax transmission. A proposal may also be withdrawn in person by a Proposer or its authorized representative, provided his/her identity is made known and he/she signs a receipt for the proposal, but only if the withdrawal is made prior to the exact hour and date set for proposal receipt. A proposal may only be modified by the submission of a new sealed proposal or submission of a sealed modification which complies with the requirements of this solicitation.

I-13. Economy of Preparation. Proposals should be prepared simply and economically, providing a straightforward, concise description of the Proposer's ability to meet the requirements of the RFP.

I-14. Discussions for Clarification. Proposers who submit proposals may be required to make an oral or written clarification of their proposals to the Issuing Office through the Contract Administration Department to ensure thorough mutual understanding and Proposer responsiveness to the solicitation requirements. The Issuing Office through the Contract Administration Department will initiate requests for clarification.

I-15. Best and Final Offers. The Issuing Office reserves the right to conduct discussions with Proposers for the purpose of obtaining "best and final offers." To obtain best and final offers from Proposers, the Issuing Office may do one or more of the following: a) enter into pre-selection negotiations; b) schedule oral presentations; and c) request revised proposals. The Issuing Office will limit any discussions to responsible Proposers whose proposals the Issuing Office has determined to be reasonably susceptible of being selected for award.

I-16. Prime Proposer Responsibilities. The selected Proposer will be required to assume responsibility for all services offered in its proposal whether or not it produces them. Further, the Commission will consider the selected Proposer to be the sole point of contact with regard to contractual matters.

I-17. Proposal Contents. Proposals will be held in confidence and will not be revealed or discussed with competitors, unless disclosure is required to be made (i) under the provisions of any Commonwealth or United States statute or regulation; or (ii) by rule or order of any court of competent jurisdiction. All material submitted with the proposal becomes the property of the Pennsylvania Turnpike Commission and may be returned only at the Commission's option. Proposals submitted to the Commission may be reviewed and evaluated by any person other than competing Proposers at the discretion of the Commission. The Commission has the right to use any or all ideas presented in any proposal. Selection or rejection of the proposal does not affect this right.

In accordance with the Pennsylvania Right-to-Know Law (RTKL), 65 P.S. § 67.707 (Production of Certain Records), Proposers shall identify any and all portions of their Proposal that contains

confidential proprietary information or is protected by a trade secret. Proposals shall include a written statement signed by a representative of the company/firm identifying the specific portion(s) of the Proposal that contains the trade secret or confidential proprietary information.

Proposers should note that “trade secrets” and “confidential proprietary information” are exempt from access under Section 708(b)(11) of the RTKL. Section 102 defines both “trade secrets” and “confidential proprietary information” as follows:

Confidential proprietary information: Commercial or financial information received by an agency: (1) which is privileged or confidential; **and** (2) the disclosure of which would cause substantial harm to the competitive position of the person that submitted the information.

Trade secret: Information, including a formula, drawing, pattern, compilation, including a customer list, program, device, method, technique or process that: (1) derives independent economic value, actual or potential, from not being generally known to and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use; **and** (2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. The term includes data processing software by an agency under a licensing agreement prohibiting disclosure.

65 P.S. §67.102 (emphasis added).

The Office of Open Records has determined that a third party must establish a trade secret based upon factors established by the appellate courts, which include the following:

- the extent to which the information is known outside of his business;
- the extent to which the information is known by employees and others in the business;
- the extent of measures taken to guard the secrecy of the information;
- the value of the information to his business and to competitors;
- the amount of effort or money expended in developing the information; and
- the ease of difficulty with which the information could be properly acquired or duplicated by others.

See Crum v. Bridgestone/Firestone North Amer. Tire., 907 A.2d 578, 585 (Pa. Super. 2006).

The Office of Open Records also notes that with regard to “confidential proprietary information the standard is equally high and may only be established when the party asserting protection shows that the information at issue is either ‘commercial’ or ‘financial’ and is privileged or confidential, and the disclosure **would** cause substantial competitive harm.” (emphasis in original).

For more information regarding the RTKL, visit the Office of Open Records’ website at www.openrecords.state.pa.us.

I-18. Debriefing Conferences. Proposers whose proposals are not selected will be notified of the name of the selected Proposer and given the opportunity to be debriefed, at the Proposer’s request. The Issuing Office will schedule the time and location of the debriefing. The Proposer will not be compared with other Proposers.

I-19. News Releases. News releases pertaining to this project will not be made without prior Commission approval, and then only in coordination with the Issuing Office.

I-20. Commission Participation. Unless specifically noted in this section, Proposers must provide all services to complete the identified work.

I-21. Cost Submittal. The cost submittal shall be placed in a separately sealed envelope within the sealed proposal and kept separate from the technical submittal.

I-22. Term of Contract. The term of the contract will commence on the Effective Date (as defined below) and will end three (3) years from that date with options of up to two (2) one-year contract extensions. The Commission shall fix the Effective Date after the contract has been fully executed by the Contractor and by the Commission and all approvals required by Commission contracting procedures have been obtained.

I-23. Proposer's Representations and Authorizations. Each Proposer by submitting its proposal understands, represents, and acknowledges that:

- a. All information provided by, and representations made by, the Proposer in the proposal are material and important and will be relied upon by the Issuing Office in awarding the contract(s). Any misstatement, omission or misrepresentation shall be treated as fraudulent concealment from the Issuing Office of the true facts relating to the submission of this proposal. A misrepresentation shall be punishable under 18 Pa. C.S. 4904.
- b. The price(s) and amount of this proposal have been arrived at independently and without consultation, communication or agreement with any other Proposer or potential Proposer.
- c. Neither the price(s) nor the amount of the proposal, and neither the approximate price(s) nor the approximate amount of this proposal, have been disclosed to any other firm or person who is a Proposer or potential Proposer, and they will not be disclosed on or before the proposal submission deadline specified in the response section of this RFP.
- d. No attempt has been made or will be made to induce any firm or person to refrain from submitting a proposal on this contract, or to submit a proposal higher than this proposal, or to submit any intentionally high or noncompetitive proposal or other form of complementary proposal.
- e. The proposal is made in good faith and not pursuant to any agreement or discussion with, or inducement from, any firm or person to submit a complementary or other noncompetitive proposal.
- f. To the best knowledge of the person signing the proposal for the Proposer, the Proposer, its affiliates, subsidiaries, officers, directors, and employees are not currently under investigation by any governmental agency and have not in the last four (4) years been convicted or found liable for any act prohibited by State or Federal law in any jurisdiction, involving conspiracy or collusion with respect to bidding or proposing on any public contract, except as disclosed by the Proposer in its proposal.
- g. To the best of the knowledge of the person signing the proposal for the Proposer and except as otherwise disclosed by the Proposer in its proposal, the Proposer has no

outstanding, delinquent obligations to the Commonwealth including, but not limited to, any state tax liability not being contested on appeal or other obligation of the Proposer that is owed to the Commonwealth.

- h. The Proposer is not currently under suspension or debarment by the Commonwealth, or any other state, or the federal government, and if the Proposer cannot certify, then it shall submit along with the proposal a written explanation of why such certification cannot be made.
- i. The Proposer has not, under separate contract with the Issuing Office, made any recommendations to the Issuing Office concerning the need for the services described in the proposal or the specifications for the services described in the proposal.
- j. Each Proposer, by submitting its proposal, authorizes all Commonwealth agencies to release to the Commission information related to liabilities to the Commonwealth including, but not limited to, taxes, unemployment compensation, and workers' compensation liabilities.

I-24. Insurance.

A. General Insurance Requirements

1. The Professional Services shall not commence until the Professional Service Contractor has obtained, at their own expense, all of the insurance as required hereunder and such insurance has been approved by the Commission; nor shall the Professional Service Contractor allow any Subcontractor to commence work on any Commission projects until all insurance required of the Subcontractor has been so obtained and approved by the Contractor. Approval of insurance required of the Professional Service Contractor will be granted only after submission to the Commission, original certificates of insurance signed by the representatives of the insurers or, at the Commission's request, certified copies of the required insurance policies.
2. The Professional Service Contractor shall require all Subcontractors to maintain during the term of the Contract Commercial General Liability Insurance, Business Auto Liability Insurance, Professional Liability Insurance (if applicable), Pollution Liability Insurance (if applicable), and Workers' Compensation and Employers Liability Insurance at the same limits required of Professional Service Contractor.
3. All insurance required herein, with the exception of the Professional / Errors and Omissions Liability Insurance shall be written on an "occurrence" basis and not a "claims-made" basis. For Professional Liability "claims-made" coverage:
 - a. The retroactive date must be on or prior to the start of work under this contract; and
 - b. The Subcontractor must purchase "tail coverage/an extended reporting period" or maintain coverage for a period of three years – the required completed operations period.
4. The Commission, its commissioners, agents, servants, employees and representatives shall be named as additional insured on the Contractor's liability (General Liability, Automobile Liability and Umbrella Liability insurance) insurance program with respect to the liability arising out of

the Contractor's work (including products and completed operations as well as ongoing operations) and the certificate of insurance, or the certified policy, if required, must also state this. This coverage should be provided, along with evidence of such coverage, for a period of two years after completion of the project.

5. All insurance policies required hereunder shall be endorsed to provide that the policy is not subject to cancellation, non-renewal, or material reduction in coverage until thirty (30) days prior written notice has been given to the Owner.
6. Insurance provided to the Commission as specified herein shall be primary and non-contributory.
7. No acceptance and/or approval of any insurance by the Commission shall be construed as relieving or excusing the Professional Service Contractor or the Professional Service Contractor's Surety (if applicable) from any liability or obligation imposed upon either or both of them by provisions of this Contract.
8. Any deductibles or self-insured retention's of (\$10,000) or greater shall be disclosed by the Professional Service Contractor, and are subject to Commissions written approval. Any deductible or retention amounts elected by the Professional Service Contractor or imposed by the Professional Service Contractor's insurer(s) shall be the sole responsibility of the Professional Service Contractor.
9. All insurance companies shall have an AM Best's rating of A- or better and be licensed to do business in the State of Pennsylvania.
10. There shall be no liability upon the Commission, public officials, their employees, their authorized representatives, or agents either personally or as officials of the Commission in carrying out any of the provisions of the Contract nor in exercising any power or authority granted to them by or within the scope of the Contract, it being understood that in all such matters they act solely as agents and representatives of the Commission.
11. Waiver of Rights of Recovery and Waiver of Rights of Subrogation:
 - a. The Contractor and subcontractors waive all rights of recovery against the Owner and all the additional insured's for loss or damage covered by any of the insurance maintained by the contractor or subcontractor.
 - b. If any of the policies of insurance required under this contract require an endorsement to provide for the waiver of subrogation, then the named insured of such policies will cause them to be so endorsed.
12. Any type of insurance or any increase in limits of liability not described above which the contractor requires for its own protection or on account of statute shall be its own responsibility and at its own expense.

B. Professional Service Contractor Liability Insurance Requirements

- The Professional Service Contractor shall purchase the following insurance coverage's for the minimum limits specified below or required by law.

- **Commercial General Liability** insurance for bodily injury, personal injury, and property damage including loss of use, etc. with minimum limits of:

\$1,000,000 each occurrence;
 \$1,000,000 personal and advertising injury;
 \$2,000,000 general aggregate; and
 \$2,000,000 products/completed operation aggregate.

This insurance shall include coverage for all of the following:

- Coverage is to be provided by the standard Commercial General Liability insurance policy (“Occurrence Form”);
 - General aggregate limit applying on a per project/ location basis;
 - Liability arising from premises and operations;
 - Liability arising from the actions of independent contractors;
 - Contractual liability including protection for the Professional Service Contractor from bodily injury and property damage claims arising out of liability assumed under this Contract;
 - Liability arising from the explosion, collapse or underground (XCU) hazards (If Applicable)
 - Products/Completed Operations Coverage must be maintained for a period of at least two (2) years after final payment (including coverage for the Additional Insured’s as set forth in these Insurance Requirements).
- **Business Auto Liability** insurance with a minimum limit of \$1,000,000 per accident and including, but not limited to, coverage for all of the following:
 - Liability arising out of the ownership, maintenance or use of any auto;
 - Auto non-ownership and hired car coverage
 - Contractual Liability Coverage (including Liability for Employee Injury assumed under a Contract as provided in the standard ISO policy form)
 - **Workers’ Compensation** insurance with statutory benefits as required by any state or federal law, including standard “other states” coverage; **employer’s liability** insurance with minimum limits of:
 - \$1,000,000 each accident for bodily injury by accident;
 - \$1,000,000 each employee for bodily injury by disease; and
 - \$1,000,000 policy limit for bodily injury by disease.
 1. Including Waiver of Right to Recover from Others Endorsement (WC 00 0313) where permitted by state law.
 2. United States Longshore & Harbor Workers Act Coverage, where applicable; and
 3. Maritime Coverage under the Jones Act, where applicable.
 - **Professional Liability:** Service Contractors (such as, but not limited to Architects, Engineers, Attorneys, Financial Advisors, Marketing Professionals, Physicians and Risk Management Consultants) shall provide professional liability and/or malpractice insurance with minimum limits of \$1,000,000.

- **Umbrella Liability or Excess Liability** insurance with minimum limits of:
 - \$5,000,000 per occurrence;
 - \$5,000,000 aggregate for other than products/completed operations and auto liability; and
 - \$5,000,000 products/completed operations aggregate.

Policy to apply excess of the Commercial General Liability (following form, Per Project / location), Commercial Automobile Liability and Employers Liability Coverage.

- **Pollution Liability (If Applicable)** Insurance
 - Occurrence/Claims Made Limit: \$1,000,000 per project
 - Insurance to be maintained for the duration of the work for a period of two years thereafter
 - No Exclusions for Silica, Asbestos or Lead.
 - Include Mold Coverage for full policy limit of liability.
- **Watercraft and Aircraft Liability (If Applicable):** If contractor utilizes any owned, used, leased, hired or borrowed watercraft or aircraft to complete their work in accordance with this Contract, the coverage shall be maintained.

Minimum Limits of Liability:
 \$2,000,000 Per Occurrence
 \$2,000,000 Aggregate

C. Indemnification

The Contractor shall protect, defend, indemnify and hold harmless the Commission, and their agents and employees from and against all liability (including liability for violation of any law or any common law duty), claims, damages, losses, and expenses including attorneys' fees arising in connection with, out of, or resulting from the performance of the work, provided that any such liability, claim, damage, loss or expense (i) is attributable to bodily injury, sickness, disease, or death, or to any statutory or regulatory rule designed to protect against such conditions, or to injury to or destruction of tangible property (other than the work itself), and including the loss of the use resulting there from, and (ii) is caused by or results from, in whole or in part, any act or omission of the Contractor, any Subcontractor, Sub-subcontractor(s), anyone direct or indirectly employed by any of them or anyone for whose acts any of them may be liable, regardless of whether or not it is also caused by or results from any act or omission of any party indemnified hereunder.

In any and all claims against the Commission or any of their agents or employees, by an employee of the Contractor, Subcontractor, or any Sub-subcontractor, or anyone directly or indirectly employed by any of them, or anyone for whose acts any of them may be liable, the indemnification obligation shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for any Contractor, Subcontractor or any Sub-subcontractor under Workmen's Compensation Acts, Disability Benefits Acts, or other Employee.

PART II

INFORMATION REQUIRED FROM PROPOSERS

Proposals must be submitted in the format, including heading descriptions, outlined below. To be considered, the proposal must respond to all requirements in this part of the RFP. Any other information thought to be relevant, but not applicable to the enumerated categories, should be provided as an appendix to the proposal. All cost data relating to this proposal should be kept separate from and not included in the Technical Submittal. Each proposal shall consist of the completed proposal cover sheet (use Appendix B) and two (2) separately sealed submittals. The submittals are as follows: (i) Technical Submittal, in response to Part II-1 through II- 9 hereof; (ii) Cost Submittal, in response to Part II-10 hereof.

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

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

II-1. Proposal Cover Sheet (Appendix B)

Show the name of your firm, Federal I.D. number, address, name of contact person, contact person's email and telephone number date and the subject: Investment Management Services, 13-10320-4330. In addition it is required that all information requested in Appendix B be provided including information pertaining to location of office performing the work, contact information, listing of all Pennsylvania offices and total number of Pennsylvania employees, and location of company headquarters.

II-2. Statement of the Problem. State in succinct terms your understanding of the problem presented or the service required by this RFP.

Limit to 1 page

II-3. Management Summary. Provide a brief description of how your firm is organized, including the businesses in which it is engaged, the location of offices, the number of fixed-income investment professionals and any recent significant changes in your organization. Discuss your firm's presence in and commitment to the Commonwealth of Pennsylvania. Include a discussion of the specific services and expertise that distinguish your firm.

II-4. Proposer Qualifications. Provide a brief description of how your firm will meet the minimum qualifications as described in Part IV-3 of this RFP.

II-5. Work Plan. Describe in narrative form your technical plan for accomplishing the work. Use the task descriptions in Part IV-4 of this RFP as your reference point. Modifications of the task descriptions are permitted; however, reasons for changes should be fully explained. Indicate the number of personhours allocated to each task.

II-6. Prior Experience. Include experience in institutional fixed income investing. Experience shown should be work done by individuals who will be assigned to this project as well as that of your company. Studies or projects referred to should be identified and the name of the customer shown, including the name, address, and telephone number of the responsible official of the customer, company, or agency who may be contacted.

Provide the number of investors and AUM for similar products for each of the past 5 years.

Do your five largest accounts represent more than 25% of the product assets? If yes, please provide the names and percentage of assets those accounts represent.

Describe your firm's short duration, high credit quality investment philosophy and investment process.

II-7. Personnel. Include the number, and names where practicable, of executive and professional personnel, analysts, auditors, researchers, programmers, consultants, etc., who will be engaged in the work. Show where these personnel will be physically located during the time they are engaged in the work. Include through a resume or similar document education and experience in fixed-income Investment Management. Indicate the responsibilities each will have in this project and how long each has been with your company. Identify subcontractors you intend to use and the services they will perform.

II-8. Commitment to Diversity and Inclusion

The Turnpike Commission is committed to the inclusion of disadvantaged, minority, and woman firms in contracting opportunities. Responding firms shall clearly identify DBE/MBE/WBE firms, expected to participate in the Contract, in their Proposal. Proposed DBE/MBE/WBE firms must be certified by the Pennsylvania Unified Certification Program (www.paucp.com) at the time of the submission of the proposal. The utilization of disadvantaged, minority and women-owned businesses are encouraged and will be considered a factor in the evaluation determination.

II-9. Complete Questionnaire. Questionnaire (Appendix A) must be fully completed (insert additional rows where needed or required).

II-10. Cost Submittal. The information requested in this section shall constitute your cost submittal. **The Cost Submittal shall be placed in a separate sealed envelope within the sealed proposal, and on a CD-ROM, separate from the technical submittal.**

Proposers should **not** include any assumptions in their cost submittals. If the proposer includes assumptions in its cost submittal, the Issuing Office may reject the proposal. Proposers should direct in writing to the Issuing Office pursuant to Part I-9 of this RFP any questions about whether a cost or other component is included or applies. All Proposers will then have the benefit of the Issuing Office's written answer so that all proposals are submitted on the same basis.

The total cost you are proposing must be broken down but not limited to the following components:

- a. **Fee or Profit.** What is your standard fee schedule for this product? Are you willing to provide a "most favored customers" status to this account, guaranteeing we will always have the lowest fee rate available for similar mandates and account size?

- b. **Other Direct Costs.** Itemize. If there are no other direct costs in your proposal, so state.

Any costs not provided in the cost proposal will be assumed as no charge to the Commission.

The selected Proposer shall only perform work on this contract after the Effective Date is affixed and the fully-executed contract sent to the selected Proposer. The Commission shall issue a written Notice to Proceed to the selected Proposer authorizing the work to begin on a date which is on or after the Effective Date. The selected Proposer shall not start the performance of any work prior to the date set forth in the Notice of Proceed and the Commission shall not be liable to pay the selected Proposer for any service or work performed or expenses incurred before the date set forth in the Notice to Proceed. No Commission employee has the authority to verbally direct the commencement of any work under this Contract.

PART III

CRITERIA FOR SELECTION

III-1. Mandatory Responsiveness Requirements. To be eligible for selection, a proposal shall be (a) timely received from a Proposer; and (b) properly signed by the Proposer.

III-2. Technical Nonconforming Proposals. The two (2) Mandatory Responsiveness Requirements set forth in Section III-1 above (a&b) are the only RFP requirements that the Commission will consider to be non-waivable. The Issuing Office reserves the right, in its sole discretion, to (1) waive any other technical or immaterial nonconformities in the proposal, (2) allow the Proposer to cure the nonconformity, or (3) consider the nonconformity in the evaluation of the proposal.

III-3. Proposal Evaluation. Proposals will be reviewed, evaluated, and rated by a Technical Evaluation Team (TET) of qualified personnel based on the evaluation criteria listed below. The TET will present the evaluations to the Professional Services Procurement Committee (PSPC). The PSPC will review the TET's evaluation and provide the Commission with the firm(s) determined to be highly recommended for this assignment.

The Commission will select the most highly qualified firm for the assignment or the firm whose proposal is determined to be most advantageous to the Commission by considering the TET's evaluation and the PSPC's determination as to each firm's rating. In making the PSPC's determination and the Commission's decision, additional selection factors may be considered taking into account the estimated value, scope, complexity and professional nature of the services to be rendered and any other relevant circumstances. Additional selection factors may include, when applicable, the following: geographic location and proximity of the firm, firm's Pennsylvania presence or utilization of Pennsylvania employees for the assignment; equitable distribution of work; diversity inclusion; and any other relevant factors as determined as appropriate by the Commission.

Award will only be made to a Proposer determined to be responsive and responsible in accordance with Commonwealth Management Directive 215.9, Contractor Responsibility Program.

III-4. Evaluation Criteria. The following criteria will be used, in order of relative importance from the highest to the lowest, in evaluating each proposal:

a. Understanding the Problem. This refers to the Proposer's understanding of the Commission needs that generated the RFP, of the Commission's objectives in asking for the services or undertaking the study, and of the nature and scope of the work involved.

b. Proposer Qualifications. This refers to the ability of the Proposer to meet the terms of the RFP, especially the time constraint and the quality, relevancy, and recency of studies and projects completed by the Proposer. This also includes the Proposer's financial ability to undertake a project of this size.

- Suitability of investment product and process
- Product performance and consistency
- Overall responsiveness and clarity of RFP response.

- Qualifications and experience of investment professionals

c. Personnel Qualifications. This refers to the competence of professional personnel who would be assigned to the job by the Proposer. Qualifications of professional personnel will be measured by experience and education, with particular reference to experience on studies/services similar to that described in the RFP. Particular emphasis is placed on the qualifications of the project manager.

d. Soundness of Approach. Emphasis here is on the techniques for collecting and analyzing data, sequence and relationships of major steps, and methods for managing the service/project. Of equal importance is whether the technical approach is completely responsive to all written specifications and requirements contained in the RFP and if it appears to meet Commission objectives.

- Firm experience, staffing adequacy, stability and regulatory compliance
- Adequacy of risk controls and monitoring

e. Cost. While this area may be weighted heavily, it will not normally be the deciding factor in the selection process. The Commission reserves the right to select a proposal based upon all the factors listed above, and will not necessarily choose the firm offering the best price. The Commission will select the firm with the proposal that best meets its needs, at the sole discretion of the Commission.

f. Commitment to Diversity and Inclusion (D/M/WBE) Participation. This refers to the inclusion of D/M/WBE firms, as described in Part II-8, Participation may be measured in terms of total dollars committed or percentage of total contract amount to certified D/M/WBE firms.

PART IV

WORK STATEMENT

IV-1. Objectives.

a. General.

The Commission will accept proposals from individual investment management firms. The Commission reserves the right to select a single firm or multiple firms to meet its investment management needs.

b. Specific.

The Commission is soliciting competitive proposals to manage a portion of the approximately \$1.3 Billion investments in fixed income assets. The final size of the portfolio(s) to be managed will not be determined until a final determination is made on which firm(s) are selected to be Investment Manager. For the purposes of this RFP assume the portfolio will be \$150 million in size and that this may change throughout the life of the contract. The portfolio should focus on higher quality securities such as AA or higher rated securities. The duration of the portfolio will be short with the longest average life on any individual security 5 years or less. Further details of the portfolios objectives and constraints can be found in the Commission's Investment Policy available at the following website: <http://www.paturndpike.com/geninfo/PTC%20Investment%20Policy%20and%20Guidelines.pdf> Any applicable bond indentures further detailing objectives and constraints will be provided to the selected Investment Manager prior to their beginning work with the Commission.

IV-2. Nature and Scope of the Project.

a. The Pennsylvania Turnpike System

The Commission's facilities include the 359 mile east-west Mainline traversing the southern portion of Pennsylvania that connects with the New Jersey Turnpike in the east and the Ohio Turnpike in the west; the 110 mile north-south Northeastern Extension; the 18 mile north-south Beaver Valley Expressway; the 13 mile Amos K. Hutchinson Bypass near the New Stanton Interchange; four segments of the Mon/Fayette project totaling 47 miles in length; and a six mile segment of the Southern Beltway.

The System has a total of 64 interchanges which connect it with major arteries and population centers in its 553 mile traffic corridor. Thirty-one of the interchanges are located on the Turnpike Mainline, including Turnpike Mainline barriers at the New Jersey and Ohio state lines, and 10 interchanges are situated on the Northeast Extension. The additional 23 interchanges are located on the Beaver Valley Expressway, Amos K. Hutchinson Bypass, and completed segments of the Mon/Fayette Expressway and Southern Beltway.

b. Scope

The Commission invests approximately \$1.3 billion in various fixed-income securities across roughly 60 accounts. These accounts have various mandates defined by one of three bond indentures and/or the investment policy. The majority of the assets are managed in-house in accordance with

governing documents. The investment objectives of the Commission assets are the safety and preservation of invested funds, maintaining adequate liquidity to meet Commission cash flow requirements, maximizing total rate of return, and providing preference to Pennsylvania investments when the ROI is no less than equal to the non-Pennsylvania investment.

IV-3. Requirements. Proposing firms must demonstrate how they meet the minimum qualifications in order for their firm to be evaluated:

- Firm existence – The proposing firm shall have been in the business of providing Investment Management services to governmental agencies or entities with similar investment needs for a minimum of 5 years.
- Experience of senior professionals – The proposing firm shall offer a team of professionals in which the senior professionals have a minimum of ten years' experience in managing high quality fixed-income assets.
- The proposing firm should be domiciled in the United States and must be registered as an Investment Advisor with the SEC, regulated by an appropriate State Insurance Commission, or by the Office of the Comptroller of the Currency.
- The firm must have no material regulatory infractions for the past 10 years.
- The firm should manage a minimum of \$1 billion in total fixed income assets and manage a minimum of \$500 million in highly rated bond mandates as of 3/31/2013
- The firm will be required to manage designated assets as a separate account where securities are held in custody at the Commission's designated Trustee.

IV-4. Tasks. Requested investment manager services will include, but are not limited to, assisting the Commission by providing the following services:

- Investment manager shall purchase, sell or exchange authorized securities and generally act as investment manager.
- Investment manager shall attend the Commission's meetings at the Commission's request to apprise the Commission of its investment activities.
- Investment Manager shall attend special meetings and attend or conduct investment seminars when requested by the commission.
- Investment Manager shall furnish to the Commission, or others, as the Commission shall more specifically direct, periodic reports on the status composition, and performance of the assets managed by the manager.
- Investment Manager shall furnish to the Commission upon request information concerning assets and asset classes in which the Investment Manager will invest for and on behalf of the Commission, including identification of purchase or sale opportunities and an overview of specific market conditions.
- Investment Manager shall furnish all trades and relevant settlement instructions to the Commission's Trustees or Custodians and designated Commission staff as soon as reasonably possible after trades are executed on behalf of the Commission.

Addendum No. 1

RFP #13-10320-4330

Investment Management Services

Prospective Respondents: You are hereby notified of the following information in regard to the referenced RFP:

REVISIONS

1. On Page 1 of 16, Part I-4 of the RFP, the language has been revised to read as follows:
I-4. Problem Statement. The Commission is seeking proposals to provide the Commission with investment manager services with respect to investing up to two fixed-income portfolios in accordance with Commissions Investment Policy and applicable governing indentures.
2. On Page 6 of 16, **Part I-24. Insurance** of the RFP has been replaced in its entirety. See Attachment A.
3. In Appendix A, Questionnaire, Section II – Portfolio Construction and Investment Team Question 12 is stricken.

QUESTIONS AND ANSWERS

Following are the answers to questions submitted in response to the above referenced RFP as of July 8, 2013. All of the questions have been listed verbatim, as received by the Pennsylvania Turnpike Commission.

Q1) Regarding RFP 13-10320-4330 for Investment Management Services, our firm currently meets all of the requirements except for the Umbrella Liability/Excess Liability insurance minimum of \$5,000,000 (we currently have \$3,000,000 in coverage). We also currently have \$10,000,000 in Errors & Omissions insurance and a \$5,000,000 Fidelity Bond. Could you kindly confirm if our aggregate coverage is sufficient to meet the Umbrella Liability/Excess Liability requirement?

A1) See Revision #2. The General Insurance Requirements have been revised in this addendum - see Attachment A. The insurance requirements defined in Addendum 1- Attachment A are the minimum necessary for consideration.

Q2) I recently came across your RFP for highly rated fixed income investment management services. I noticed that the minimum requirements include \$1 billion in fixed income assets under management at the firm level. We are a woman-owned firm with approximately \$950 million in AUM across multiple asset classes (equities and bonds) and approximately \$800 million in AUM in high quality short duration fixed income. If we submitted a response to

your RFP, would we be automatically disqualified if we do not meet the minimum firm level threshold for firm level fixed income AUM, or could we still be evaluated?

A2) \$1 Billion dollars in fixed income AUM is a minimum requirement to be considered as the Commission's Investment Manager.

Q3) Are you able to specify which of the insurance requirements apply to RFP#13-10320-4330 (Investment Management Services)?

A3) See Revision #2 and answer to question #1.

Q4) The RFP states that the Commission is seeking two fixed income managers and that for the purpose of the RFP we should assume a portfolio of \$150 million in size. Is this \$150 million per manager or \$75 million per manager?

A4) See Revision #1. For the purposes of this RFP please assume a single portfolio of \$150 Million.

Q5) In section IV-2 b. of the RFP the Commission states they want to maintain adequate liquidity to meet the Commission's cash flow requirements. Are there anticipated cash flows with this mandate and if so is there a cash flow schedule available for review by respondents to the RFP?

A5) Anticipated cash flows are not available.

Q6) It is our understanding that Valley Forge Asset Management is managing the account currently. Is there a current investment statement available that we can view to see how the account is currently invested?

A6) We are not providing the current investments to proposers.

Q7) Does the Commission have a target duration in mind for this mandate?

A7) The target duration is to be decided by the Investment Manager. The duration will be "short" since the maturity or average life of each security in Portfolio may not exceed 5 years as stated in the Investment Policy.

Q8) Does the Commission have a preferred benchmark in mind for this mandate?

A8) The Commission is open to negotiate an appropriate benchmark once an Investment Manager has been selected. In the past the Commission has used The Bank of America Merrill Lynch 1-5 year US Corporate, Government and Mortgage Index, and a blended index of 75% The Bank of America Merrill Lynch 1-5 year US Treasury and Agency Index and 25% Bank of America Merrill Lynch 1-5 year AA Corporate Index.

Q9) Section B.4 of the investment policy states: "The combined exposure to Commercial Paper, Corporate Bonds and Asset-Backed Securities is limited to 35% of the total Portfolio." Is this 35% limitation for the specific manager mandate (\$150mm), or does it apply to the overall \$1.3 billion portfolio?

A9) It applies to both. For the purposes of the RFP, this \$150MM mandate needs to be compliant with the Investment Policy.

Q10) In the Proposal document, Section IV-2, b. Scope states: *The Commission invests approximately \$1.3 billion in various fixed-income securities across roughly 60 accounts. These accounts have various mandates defined by one of three bond indentures and/or the investment policy.* Is this \$150mm mandate considered to be one of the 60 accounts, or does it consist of portions of one (or more) of the 60 accounts (i.e. \$150 mm divided into multiple smaller accounts)?

A10) This mandate is one of the 60 accounts.

Q11) Are cash flow/liability stream details available which are applicable to this portfolio?

A11) No.

Q12) Please define, in months, the target duration of the proposed portfolio (as specified in RFP as "short" in IV-1.b.)

A12) The target duration is to be decided by the Investment Manager. The duration will be "short" since the maturity or average life of each security in Portfolio may not exceed 5 years as stated in the Investment Policy.

Q13) Please list the current benchmark(s) you are using for similar portfolios.

A13) See answer to question #8

Q14) Do you foresee any draw down on the proposed portfolio over the initial length of the contract? If so, please specify amount and anticipated timing.

A14) Multiple variables that are unpredictable will dictate the amount and timing of the draw down (if any) of the portfolio.

Q15) Please clarify the amount in each of the two fixed-income portfolios (referenced in I-4. Problem Statement).

A15) See Revision #1. For the purposes of this RFP please assume a single portfolio of \$150 Million.

Q16) Please clarify if both portfolios be managed identically or independently. If independently, please specify target duration, preferred benchmark and any other information applicable to each portfolio.

A16) See answer to question 15.

Q17) Question 12 in the Questionnaire asks about high yield capabilities. Is the Commission truly asking about high yield capabilities or should we focus more on presenting our high grade capabilities?

A17) See Revision #3.

Q18) Regarding page 6, I-24, A.4, the firm will only agree to name the Commission as a “loss payee” under its insurance program. Will the Commission agree to this?

A18) The Commission requires contractors to name the Commission as additional insured. Being named as “loss payee” is not an adequate substitute.

Q19) Regarding page 7, I-24, A.8, the firm cannot agree to subject deductibles to the Commissions’ written approval. The firm will agree to disclose the amounts. Will the Commission agree to this?

A19) The Commission asks every proposer to disclose any deductible/Self-Insured Retention of \$10,000 or more. Requiring such disclosure is neither unusual nor unreasonable since it allows the Commission to weigh the degree to which the proposer can tolerate that level of expenditure in the event of a loss.

Q20) Regarding page 9, C. Indemnification, the firm cannot agree to these terms as drafted and seeks to negotiate them. Will the Commission agree to negotiate these terms?

A20) No, indemnification terms will remain as-is for consistency with existing standards and practices within the Commission.

Q21) We are interested in submitting a proposal for the #RFP 13-10320-4330 search. We reviewed the Investment Policy document and was wondering if you could clarify if non-investment grade (i.e. high yield & bank loans) are permitted. We also have some limited exposure to Emerging markets so could you also clarify if you allow emerging markets and non U.S. investments?

A21) High Yield securities are not permitted investments and non-U.S. Investments are allowed as long as they meet the requirements of the Investment policy.

Q22) Are proposers invited to submit alternative language to the contract, specifically, to the indemnification provisions outlined in the RFP?

A22) No, proposers should not submit alternative language because the indemnification terms will remain as is for consistency with existing standards and practices within the Commission.

Q23) Would the Commission please define the term “Employee” as it is used in the second paragraph under Indemnification?

A23) The Commission’s understanding of “employee” is based on definitions commonly used by state and federal courts in the United States.

Q24) In regard to question 26 below, we would also require striking the words "and Umbrella Liability" from the last sentence at the bottom of Page 6.

A24) No, the Commission cannot waive “and umbrella liability”. We are asking for additional insured protection and will not waive the requirement.

Q25) One Page 3 of Appendix A, Question II.12 requests curriculum vitae for high yield product portfolio managers, high yield analysts and any other investment professionals involved in high yield investment decision making. However, we are not proposing a high yield product in response to the RFP. Should we list the portfolio managers, analysts and other investment professionals for the investment team/solution we are proposing to the Pennsylvania Turnpike Commission?

A25) See Revision #3.

Q26) We have identified several areas of the General Insurance Requirements sections that would need to change if our firm is awarded the business. Will requiring these changes disqualify our firm from this search process? The changes are reflected on the attached PDF.

A26) See Revision #2 and answer to question #1.

Q27) My RFP team is requesting a Word version of the RFP, which I have only seen in PDF format. It will enable them to insert responses much more easily. Is this available?

A27) The RFP will only be provided in Adobe format. Appendices A and B are provided in Microsoft Word format.

All other terms, conditions and requirements of the original RFP dated June 21, 2013 remain unchanged unless modified by this Addendum.

Insurance.

A. General Insurance Requirements

1. The term “Investment Manager” shall include the Proposer, Contractor, Subcontractor, and Sub-subcontractors of every tier. The Professional Services shall not commence until the Investment Manager has obtained, at their own expense, the following minimum levels of insurance and such insurance has been approved by the Commission.

Approval of insurance required of the Investment Manager will be granted only after submission to the Commission, original certificates of insurance signed by the representatives of the insurers or, at the Commission’s request, certified copies of the required insurance policies. Evidence of renewal or replacement coverage shall be provided to the Commission in the same form as previously described no later than 30 days prior to the expiration date of coverage. The required insurance shall not contain any exclusions or endorsements which are not acceptable to the Commission. Failure of the Commission to demand such certificate or other evidence of full compliance with these insurance requirements or failure of the Commission to identify a deficiency from evidence that is provided shall not be construed as a waiver of Investment Manager’s obligation to maintain such insurance. With respect to insurance maintained after final payment in compliance with a requirement below, an additional certificate(s) evidencing such coverage shall be provided to the Commission with final application for payment and thereafter upon renewal or replacement of such insurance until the expiration of the time period for which such insurance must be maintained. If found to be non-compliant, the Commission may purchase the required insurance coverage(s) and the cost will be borne by the Investment Manager through direct payment/reimbursement to the Commission, or the Commission may withhold payment to the Investment Manager for amounts owed to them.

2. All insurance required herein, with the exception of the Professional / Errors and Omissions Liability Insurance shall be written on an “occurrence” basis and not a “claims-made” basis. For Professional Liability “claims-made” coverage:
 - a. The retroactive date must be on or prior to the start of work under this contract; and
 - b. The Investment Manager must purchase “tail coverage/an extended reporting period” or maintain coverage for a period of three years, subsequent to the completion of their work / final payment.
3. The Commission, its commissioners, agents, servants, employees and representatives shall be named as additional insured on all of the Investment Manager’s liability policies (except Workers Compensation and Professional Liability policies) for ongoing and completed operations on a primary and noncontributory basis. On the Commercial General Liability, coverage to include ongoing and completed operations must be provided using ISO Endorsements CG 2010 and CG 2037, or their equivalents. This coverage should be provided, along with evidence of such coverage in a form acceptable to the Commission as discussed in Item A1, for a period of three years after completion of the project/final payment. The Commission reserves the right to require the Investment Manager name other parties as additional insureds as required by the Commission. There shall be no “Insured versus Insured” Exclusion on any policies; all policies shall provide coverage for “cross liability suits”.

Addendum 1-Attachment A

4. All insurance policies required hereunder shall be endorsed to provide that the policy is not subject to cancellation, non-renewal, or material reduction in coverage until thirty (30) days prior written notice has been given to the Commission. Should coverage cancel or non-renew, it is the responsibility of the Investment Manager to replace coverage to comply with the Contract requirements so there is no lapse of coverage for any time period. In the event the insurance carrier(s) will not issue or endorse their policy(s) to comply with the above, it is the responsibility of the Investment Manager to report any notice of cancellation, non-renewal, or material reduction in coverage at least thirty (30) days prior to the effective date of this notice.
5. No acceptance and/or approval of any insurance by the Commission shall be construed as relieving or excusing the Investment Manager or the Investment Manager's Surety (if applicable) from any liability or obligation imposed upon either or both of them by provisions of this Contract.
6. Any deductibles or self-insured retention's of \$10,000 or greater shall be disclosed by the Investment Manager, and are subject to Commission's written approval. Any deductible or retention amounts elected by the Investment Manager or imposed by the Investment Manager's insurer(s) shall be the sole responsibility of the Investment Manager, and the Additional Insured requirements specified herein shall be offered within the SIR amount(s).
7. All insurance companies shall have an AM Best's rating of A-, Class VIII or better and be permitted to do business in the State of Pennsylvania.
8. There shall be no liability upon the Commission, public officials, their employees, their authorized representatives, or agents either personally or as officials of the Commission in carrying out any of the provisions of the Contract nor in exercising any power or authority granted to them by or within the scope of the Contract, it being understood that in all such matters they act solely as agents and representatives of the Commission.
9. Waiver of Rights of Recovery and Waiver of Rights of Subrogation:
 - a. The Investment Manager waives all rights of recovery against the Commission and all the additional insured's for loss or damage covered by any of the insurance maintained by the Investment Manager.
 - b. If any of the policies of insurance required under this contract require an endorsement to provide for the waiver of subrogation, then the named insured of such policies will cause them to be so endorsed.
10. Any type of insurance or any increase in limits of liability not described above which the Investment Manager requires for its own protection or on account of statute shall be its own responsibility and at its own expense.
11. The amount of insurance provided in the aforementioned insurance coverages shall not be construed as a limitation of the liability on the part of the Investment Manager.
12. Investment Manager shall promptly notify the Commission and the appropriate insurance company(ies) in writing of any accident(s) as well as any claim, suit or process received by the insured Investment Manager arising in the course of operations under the contract.

B. Investment Manager Liability Insurance Requirements

Investment Manager Liability Insurance Requirements – the following may be provided through a combination of primary and excess policies in order to meet the minimum limits set forth below:

- The Investment Manager shall purchase the following insurance coverage's for the minimum limits specified below or required by law.
 - **Commercial General Liability** insurance for bodily injury, personal injury, and property damage including loss of use, etc. with minimum limits of:
 - \$1,000,000 each occurrence;
 - \$1,000,000 personal and advertising injury;
 - \$2,000,000 general aggregate; and
 - \$2,000,000 products/completed operation aggregate.

This insurance shall include coverage for all of the following:

- Coverage is to be provided on ISO form CG 00 01 12 07 (Occurrence basis) or an equivalent form including Premises Operations, Independent Contractors, Products/Completed Operations, Broad Form Property Damage, Contractual Liability, and Personal Injury and Advertising Injury;
 - General aggregate limit applying on a per project basis;
 - No exclusions for development, construction, building conversion, etc. with respect to the project's location and/or where the work is to be completed by or on behalf of the Investment Manager;
 - Coverage for "resulting damage";
 - No sexual abuse or molestation exclusion;
 - No amendment to the definition of an "Insured Contract";
 - The definition of an "Insured Contract" must be amended to provide coverage for all work on or within 50 feet of a railroad. A stand-alone Railroad Protective Liability policy may be required based on the scope of this project.
 - Products/Completed Operations Coverage must be maintained for a period of at least three (3) years after final payment / completion of work (including coverage for the Additional Insured's as set forth in these Insurance Requirements).
- **Business Auto Liability** insurance with a minimum Combined Single Limit of \$1,000,000 per accident and including, but not limited to, coverage for all of the following:
 - Liability arising out of the ownership, maintenance or use of any auto;
 - Auto non-ownership and hired car coverage
 - Contractual Liability Coverage (including Liability for Employee Injury assumed under a Contract as provided in the standard ISO policy form)

- **Workers' Compensation** insurance with statutory benefits as required by any state or federal law, including standard "other states" coverage; **employer's liability** insurance with minimum limits of:

\$1,000,000 each accident for bodily injury by accident;
\$1,000,000 each employee for bodily injury by disease; and
\$1,000,000 policy limit for bodily injury by disease.

1. United States Longshore & Harbor Workers Act Coverage, where applicable;
2. Maritime Coverage under the Jones Act, where applicable; and
3. FELA Coverage, where applicable.
4. Includes sole proprietorships and officers of a corporation who will be performing work.

- **Investment Manager Professional Liability:** Investment Manager shall provide professional liability and/or malpractice insurance with minimum limits of \$10,000,000. The definition of "Covered Services" shall include the services required in the scope of this contract. Coverage shall be provided on an Investment Manager.

- **Crime Insurance:** The Investment Manager shall be responsible for the maintaining Crime Insurance, which includes the Employee Theft and Theft, Disappearance and Destruction coverage parts, in an amount not less than \$10,000,000 Per Occurrence. The Employee Theft Coverage part should include the Clients' Property Endorsement (ISO Form CR 04 01, or its equivalent).

- **Umbrella Liability or Excess Liability** insurance with minimum limits of:

\$5,000,000 per occurrence;
\$5,000,000 aggregate for other than products/completed operations and auto liability; and
\$5,000,000 products/completed operations aggregate.

Policy to apply on a Following Form basis of the Commercial General Liability (Per Project Aggregate), Commercial Automobile Liability and Employers Liability Coverage.

- **Privacy Liability:** Investment Manager shall maintain coverage for third party liability arising out of breach of privacy, inclusive of confidential and proprietary business information, HIPAA violations and other breaches of personally identifiable information and/or protected health information, which may arise from their work with this contract.

Minimum Limits of Liability:

Per Claim: \$10,000,000
Aggregate: \$10,000,000

Privacy Breach Notification and Credit Monitoring: \$1,000,000 Per Occurrence.

C. Indemnification

To the extent that state and/or federal laws limit the terms and conditions of this clause, it shall be so limited. The Investment Manager shall protect, defend, indemnify and hold harmless the Commission, and their agents and employees from and against all liability (including liability for violation of any law or any common law duty), claims, damages, losses, and expenses including attorneys' fees arising in connection with, out of, or resulting from the performance of the work including, in whole or in part, any act or omission of the Investment Manager, any Subcontractor, Sub-subcontractor(s), anyone direct or indirectly employed by any of them or anyone for whose acts any of them may be liable, regardless of whether or not it is also caused by or results from any act or omission of any party indemnified hereunder.

In any and all claims against the Commission or any of their agents or employees, by an employee of the Investment Manager, Subcontractor, or any Sub-subcontractor, or anyone directly or indirectly employed by any of them, or anyone for whose acts any of them may be liable, the indemnification obligation shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for any Investment Manager, Subcontractor or any Sub-subcontractor under Workmen's Compensation Acts, Disability Benefits Acts, or other Employee.