

**CONTRACT  
FOR PROXY VOTING SERVICES  
SERS CONTRACT NO. 15-011**

**THIS CONTRACT** for the provision of proxy voting services ("Contract") is entered into this 7th day of December, 2015, by and between the **Commonwealth of Pennsylvania**, acting through the **State Employees' Retirement System (SERS)** and **Institutional Shareholder Services Inc. ("Contractor" or "ISS")**.

**WHEREAS**, SERS issued a Request For Proposals for the provision of proxy voting services, SERS RFP No. 2015-011 ("RFP"); and

**WHEREAS**, Contractor submitted a proposal in response to the RFP, which included a technical submittal ("Contractor's Technical Submittal") and a cost submittal; and

**WHEREAS**, SERS determined that Contractor's proposal was the most advantageous to SERS after taking into consideration all of the evaluation factors set forth in the RFP and selected Contractor for contract negotiations; and

**WHEREAS**, SERS requested and the Contractor agreed to conduct best and final offer ("BAFO") negotiations; and

**WHEREAS**, Contractor submitted a BAFO Cost Proposal;

**WHEREAS**, ISS is currently providing proxy voting services to SERS under Purchase Order No: 4300246844 issued October 5, 2010 (the "Current Agreement");

**WHEREAS**, SERS and Contractor have decided to terminate their Current Agreement and replace it with this Contract on the Effective Date; and

**WHEREAS**, SERS and Contractor have negotiated this Contract as their final and entire agreement in regard to providing proxy voting services to SERS.

**NOW THEREFORE**, intending to be legally bound hereby, SERS and Contractor agree as follows:

1. Contractor shall, in accordance with the terms and conditions of this Contract, provide proxy voting services, as more fully defined in the RFP, to SERS.
2. Contractor agrees to provide the proxy voting services in its BAFO Cost Proposal, which is attached hereto as Exhibit B and made a part hereof, at the prices listed for those items in Exhibit B. The series of five (5) one year terms set forth on

page four of Exhibit B shall be adjusted to reflect that the beginning of each one-year period shall be the Effective Date.

3. This Contract is comprised of the following documents, which are listed in order of precedence in the event of a conflict between these documents:
  - a. The Contract document contained herein.
  - b. The Contract Terms and Conditions, which is attached hereto as Exhibit A and made part of this Contract and as those Contract Terms and Conditions are modified by Contractor's supplemental contract terms set forth in Exhibit E.
  - c. The Contractor's BAFO Cost Proposal, which is attached hereto as Exhibit B and made a part hereof.
  - d. Parts I-IV of the RFP, including all of the referenced Appendices and as revised by all Addenda issued thereto, which is attached hereto as Exhibit C and made a part hereof; provided, however, for clarity that if there is a conflict between Parts I-IV of the RFP and Contractor's response to the RFP, Contractor's response to the RFP shall prevail.
  - e. The Contractor's Technical Submittal attached hereto as Exhibit D and made a part hereof with the following provisos:
    - 1.) It is noted that Section II-5 of Exhibit D reflects ISS' current staff that take the lead on servicing the SERS account but that, while not a contractual assurance that such staff will remain on the account for the duration of the Contract, it is reflective of the experience, expertise and knowledge of Contractor's staff that will be assigned to the SERS account for the term of the Contract.
    - 2.) Contractor shall have the right to update and alter the sample template reports found in Appendices 2-4 of Exhibit D so long as such updates or alterations do not materially diminish the information provided in the sample template reports.
    - 3.) Contractor shall have the right during the term of the Contract to review and update its information security program in Appendix 9 to Exhibit D so long as such updates do not materially diminish the scope of information security protection captured by Appendix 9.
4. SERS shall pay Contractor the amounts under the Contractor's BAFO Cost Proposal in Exhibit B starting on the Effective Date.
5. The Effective Date shall be: a) the date the Contract has been fully executed by the Contractor and by the Commonwealth and all approvals required by

Commonwealth contracting procedures have been obtained or b) January 1, 2016, whichever is later. The Contract shall not be a legally binding contract until after the fully-executed Contract has been sent to the Contractor.

6. This Contract may be executed by counterparts delivered by mail, facsimile or email with PDF® signature pages, each of which, when so executed and delivered, shall be an original and when taken together shall be deemed the entire Contract.

**[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

IN WITNESS WHEREOF, the parties hereto have signed this Contract the day and year first above written.

Witness:

CONTRACTOR:

Institutional Shareholder Services, Inc.

By: Lauren Lusthaus

By: [Signature]

LAUREN LUSTHAUS

Stephen Harvey

Printed Name/Date

Printed Name/Date

11/24/15

[Redacted]  
Federal I.D. Number

**COMMONWEALTH OF PENNSYLVANIA  
STATE EMPLOYEES RETIREMENT SYSTEM**

By: \_\_\_\_\_  
Agency Head/Designee Title Date

Approved for form and legality:

Approved:

BY: \_\_\_\_\_  
NAME:  
TITLE:  
Office of Attorney General

BY: \_\_\_\_\_  
NAME:  
SERS Counsel

BY: \_\_\_\_\_  
NAME: \_\_\_\_\_ Date  
TITLE:  
Office of General Counsel

**APPROVED FOR FISCAL RESPONSIBILITY,  
BUDGETARY APPROPRIATENESS AND  
AVAILABILITY OF FUNDS:**

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Comptroller

Date

Header Approval Status

Sequence	Process Step	Status	Processor	Received On	Processed On	Forwarded By
• 004	SRM Contract Approval	Approved	<a href="#">Barbara Kiraj</a>	11/25/2015 14:00:44	11/25/2015 14:15:03	
• 005	SRM Contract Approval	Approved	<a href="#">Douglas Menole</a>	11/25/2015 14:15:06	11/25/2015 14:21:56	
• 006	SRM Contract Approval	Approved	<a href="#">Christopher Houston</a>	11/25/2015 14:22:00	11/25/2015 14:30:21	
• 007	SRM Contract Approval	Approved	<a href="#">Shawn Smith</a>	11/25/2015 14:30:25	11/30/2015 09:01:12	
• 008	SRM Contract Approval	Approved	<a href="#">David Stover</a>	11/30/2015 09:01:17	12/07/2015 15:57:12	

# EXHIBIT A

## EXHIBIT A

### STANDARD TERMS AND CONDITIONS

#### **V.1 CONTRACT-001.1a Contract Terms and Conditions (Nov 30 2006)**

The Contract with the selected offeror (who shall become the "Contractor") shall include the following terms and conditions:

#### **V.2 CONTRACT-002.1d Term of Contract – Contract (May 2012)**

The initial term of the Contract shall be 03 year(s) and 00 month(s).

The term of the Contract shall commence on the Effective Date (as defined below) and shall end on the Expiration Date identified in the Contract, subject to the other provisions of the Contract. The Effective Date shall be: a) the Effective Date printed on the Contract after the Contract has been fully executed by the Contractor and the Commonwealth (signed and approved as required by Commonwealth contracting procedures) or b) the "Valid from" date printed on the Contract, whichever is later.

#### **V.3 CONTRACT-002.2a Renewal of Contract Term (Nov 30 2006)**

The Contract may be renewed for a maximum of 2 additional 1 year term(s), so long as Commonwealth provides written notice to Contractor of its intention to extend the Contract by letter prior to the expiration of the term of the agreement, or any extension thereof. The Commonwealth may exercise the renewal as individual year or multiple year term(s). Any renewal will be under the same terms, covenants and conditions. No further document is required to be executed to renew the term of the contract.

#### **V.4 CONTRACT-002.3 Extension of Contract Term (Nov 30 2006)**

The Commonwealth reserves the right, upon notice to the Contractor, to extend any single term of the Contract for up to three (3) months upon the same terms and conditions.

#### **V.5 CONTRACT-003.1b Signatures – Contract (March 2007)**

The Contract shall not be a legally binding contract until the fully-executed Contract has been sent to the Contractor. No Commonwealth employee has the authority to verbally direct the commencement of any work or delivery of any supply under this Contract prior to the Effective Date. The Contractor hereby waives any claim or cause of action for any service or work performed prior to the Effective Date (unless provided pursuant to a pre-existing agreement between Contractor and the Commonwealth). The Contract will be signed in counterparts. The Contractor shall sign the Contract "in ink" and return it to the Commonwealth. After the Contract is signed by the Contractor and returned to the Commonwealth, it will be processed for Commonwealth signatures and approvals. When the Contract has been signed and approved by the Commonwealth as required by Commonwealth contracting procedures, the Commonwealth



shall create a second Contract output form which shall: 1) clearly indicate "Fully executed" at the top of the form; 2) include a printed Effective Date and 3) include the printed name of the Purchasing Agent indicating that the document has been electronically signed and approved by the Commonwealth. Until the Contractor receives the Contract output form with this information on the Contract output form, there is no legally binding contract between the parties. The fully-executed Contract may be sent to the Contractor electronically or through facsimile equipment. The electronic transmission of the Contract shall require acknowledgement of receipt of the transmission by the Contractor. Receipt of the electronic or facsimile transmission of the Contract shall constitute receipt of the fully-executed Contract.

The Commonwealth and the Contractor specifically agree as follows:

- a. No handwritten signature shall be required in order for the Contract to be legally enforceable assuming the foregoing process has been followed.
- b. The parties agree that no writing shall be required in order to make the Contract legally binding, notwithstanding contrary requirements in any law. The parties hereby agree not to contest the validity or enforceability of a genuine Contract or acknowledgement issued electronically under the provisions of a statute of frauds or any other applicable law relating to whether certain agreements be in writing and signed by the party bound thereby. Any genuine Contract or acknowledgement issued electronically, if introduced as evidence on paper in any judicial, arbitration, mediation, or administrative proceedings, will be admissible as between the parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither party shall contest the admissibility of copies of a genuine Contract or acknowledgements under either the business records exception to the hearsay rule or the best evidence rule on the basis that the Contract or acknowledgement were not in writing or signed by the parties. A Contract or acknowledgment shall be deemed to be genuine for all purposes if it is transmitted to the location designated for such documents.
- c. Each party will immediately take steps to verify any document that appears to be obviously garbled in transmission or improperly formatted to include re-transmission of any such document if necessary.

#### **V.6 CONTRACT-004.1a Definitions (Oct 2013)**

As used in this Contract, these words shall have the following meanings:

- a. **Agency:** The department, board, commission or other agency of the Commonwealth of Pennsylvania listed as the Purchasing Agency. If a COSTARS entity or external procurement activity has issued an order against this contract, that entity shall also be identified as "Agency".
- b. **Contracting Officer:** The person authorized to administer this Contract for the Commonwealth and to make written determinations with respect to the Contract.

- c. Days: Unless specifically indicated otherwise, days mean calendar days.
- d. Documentation: All materials required to support and convey information about the services required by this Contract. It includes, but is not necessarily restricted to, written reports and analyses, diagrams, maps, logical and physical designs, system designs, computer programs, flow charts, disks, and/or other machine-readable storage media.
- e. Services: All Contractor activity necessary to satisfy the Contract.

#### **V.7 CONTRACT-005.1b Agency Purchase Orders (Oct 2013)**

The Agency may issue Purchase Orders against the Contract. These orders, once accepted by Contractor, constitute the Contractor's authorization to make delivery. Once accepted by Contractor, a Purchase Order must be performed in accordance with the Contract. Each Purchase Order will be deemed to incorporate the terms and conditions set forth in the Contract. Purchase Orders will not include an "ink" signature by the Agency. The electronically-printed name of the purchaser represents the signature of that individual who has the authority, on behalf of the Commonwealth, to authorize the Contractor to proceed. Purchase Orders may be issued electronically or through facsimile equipment. To be effective, the electronic transmission of a purchase order shall require acknowledgement of receipt of the transmission by the Contractor and Contractor's specific acceptance of the purchase order evidenced by Contractor's electronic reply to the electronic transmission within a reasonable time. Contractor's failure to affirmatively respond to the purchase order within a reasonable time shall constitute Contractor's rejection of that Purchase Order.

The Commonwealth and the Contractor specifically agree as follows:

- a. No handwritten signature shall be required in order for the Contract or Purchase Order to be legally enforceable assuming the foregoing process has been followed.
- b. The parties agree that no writing shall be required in order to make the Purchase Order legally binding. The parties hereby agree not to contest the validity or enforceability of a Purchase Order or acknowledgement issued electronically under the provisions of a statute of frauds or any other applicable law relating to whether certain agreements be in writing and signed by the party bound thereby. Any Purchase Order or acknowledgement issued electronically, if introduced as evidence on paper in any judicial, arbitration, mediation, or administrative proceedings, will be admissible as between the parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither party shall contest the admissibility of copies of Purchase Orders or acknowledgements under either the business records exception to the hearsay rule or the best evidence rule on the basis that the Purchase Order or acknowledgement were not in writing or signed by the parties. A Purchase Order or acknowledgment shall be deemed to be

genuine for all purposes if it is transmitted to the location designated for such documents.

- c. Each party will immediately take steps to verify any document that appears to be obviously garbled in transmission or improperly formatted to include re-transmission of any such document if necessary.

#### **V.8 CONTRACT-006.1 Independent Prime Contractor (Oct 2006)**

In performing its obligations under the Contract, the Contractor will act as an independent contractor and not as an employee or agent of the Commonwealth. The Contractor will be responsible for all services in this Contract whether or not Contractor provides them directly. Further, the Contractor is the sole point of contact with regard to all contractual matters, including payment of any and all charges resulting from the Contract.

#### **V.9 CONTRACT-007.01b Delivery of Services (Nov 30 2006)**

The Contractor shall proceed with all commercially reasonable diligence in the performance of the services with qualified personnel, in accordance with the completion criteria set forth in the Contract.

#### **V.10 CONTRACT-007.02 Estimated Quantities (Nov 30 2006)**

It shall be understood and agreed that any quantities listed in the Contract are estimated only and may be increased or decreased in accordance with the actual requirements of the Commonwealth as set forth in the Exhibits hereto and that the Commonwealth in accepting any bid or portion thereof, contracts only and agrees to purchase only the materials and services in such quantities as represent the actual requirements of the Commonwealth. The Commonwealth reserves the right to purchase materials and services covered under the Contract through a separate competitive procurement procedure, whenever Commonwealth deems it to be in its best interest.

#### **V.11 CONTRACT-008.1a Warranty (Oct 2006)**

[Deleted in favor of paragraph 7 in Exhibit E]

#### **V.12 CONTRACT-009.1c Patent, Copyright, and Trademark Indemnity (Oct 2013)**

The Contractor warrants that it is the sole owner or author of, or has entered into a suitable legal agreement concerning either:

- a) the design of any product or process provided or used in the performance of the Contract which is covered by a patent, copyright, or trademark registration or other right duly authorized by state or federal law or;
- b) any copyrighted matter in any report, document or other material provided to the Commonwealth under the contract.

The Contractor shall defend any suit or proceeding brought against the Commonwealth on account of any alleged patent, copyright or trademark infringement in the United States of any of the products provided or used in the performance of the Contract. This is upon condition that the Commonwealth shall provide prompt notification in writing of such suit or proceeding; full right, authorization and opportunity to conduct the defense thereof; and full information and all reasonable cooperation for the defense of same. As principles of governmental or public law are involved, the Commonwealth may participate in or choose to conduct, in its sole discretion and at its expense, the defense of any such action. If information and assistance are furnished by the Commonwealth at the Contractor's written request, it shall be at the Contractor's expense, but the responsibility for such expense shall be only that within the Contractor's written authorization. The Contractor shall indemnify and hold the Commonwealth harmless from all damages, costs, and expenses, including attorney's fees that the Contractor or the Commonwealth may pay or incur by reason of any infringement or violation of the rights occurring to any holder of copyright, trademark, or patent interests and rights in any products provided or used in the performance of the Contract so long as the Commonwealth has used those products in accordance with all usage guidelines as set forth herein.

If any of the products provided by the Contractor in such suit or proceeding are held to constitute infringement and the use is enjoined, the Contractor shall, at its own expense and at its option, either procure the right to continue use of such infringement products, replace them with non-infringement equal performance products or modify them so that they are no longer infringing. If the Contractor is unable to do any of the preceding, the Contractor agrees to remove all the equipment or software which are obtained contemporaneously with the infringing product, or, at the option of the Commonwealth, only those items of equipment or software which are held to be infringing, and to pay the Commonwealth:

- 1) any amounts paid by the Commonwealth towards the purchase of the product, less straight line depreciation;
- 2) any license fee paid by the Commonwealth for the use of any software, less an amount for the period of usage; and
- 3) the pro rata portion of any maintenance fee representing the time remaining in any period of maintenance paid for.

The obligations of the Contractor under this paragraph continue without time limit. No costs or expenses shall be incurred for the account of the Contractor without its written consent.

#### **V.13 CONTRACT-009.1d Ownership Rights (Oct 2006)**

The PA SERS custom voting proxy voting policy shall belong to PA SERS and shall continue to belong to PA SERS irrespective of any assistance that Contractor provides in the development and enhancement of the policy.

#### **V.14 CONTRACT-010.1a Acceptance (Oct 2006)**

[INTENTIONALLY OMITTED]

**V.15 CONTRACT-011.1a Compliance With Law (Oct 2006)**

The Contractor shall comply with all applicable federal and state laws and regulations and local ordinances in the performance of the Contract.

**V.16 CONTRACT-013.1 Environmental Provisions (Oct 2006)**

In the performance of the Contract, the Contractor shall minimize pollution and shall strictly comply with all applicable environmental laws and regulations, including, but not limited to: the Clean Streams Law Act of June 22, 1937 (P.L. 1987, No. 394), as amended 35 P.S. Section 691.601 et seq.; the Pennsylvania Solid Waste Management Act, Act of July 7, 1980 (P.L. 380, No. 97), as amended, 35 P.S. Section 6018.101 et seq. ; and the Dam Safety and Encroachment Act, Act of November 26, 1978 (P.L. 1375, No. 325), as amended, 32 P.S. Section 693.1.

**V.17 CONTRACT-014.1 Post-Consumer Recycled Content (Dec 5 2006)**

[INTENTIONALLY OMITTED]

**V.18 CONTRACT-014.3 Recycled Content Enforcement (Feb 2009)**

[INTENTIONALLY OMITTED]

**V.19 CONTRACT-015.1A Compensation/Expenses (May 2008)**

The Contractor shall be required to perform the specified services at the price(s) quoted in the Contract. All services shall be performed within the time period(s) specified in the Contract. The Contractor shall be compensated only for work performed to the reasonable satisfaction of the Commonwealth. The Contractor shall not be allowed or paid travel or per diem expenses except as specifically set forth in the Contract.

**V.20 CONTRACT-015.2 Billing Requirements (February 2012)**

Unless the Contractor has been authorized by the Commonwealth for Evaluated Receipt Settlement or Vendor Self-Invoicing, the Contractor shall include in all of its invoices the following minimum information:

- Vendor name and "Remit to" address, including SAP Vendor number;
- Bank routing information, if ACH;
- SAP Purchase Order number;
- Delivery Address, including name of Commonwealth agency;
- Description of the supplies/services delivered in accordance with SAP Purchase Order (include purchase order line number if possible);
- Quantity provided;
- Unit price;

- Price extension;
- Total price; and
- Delivery date of supplies or services.

If an invoice does not contain the minimum information set forth in this paragraph, the Commonwealth may return the invoice as improper. If the Commonwealth returns an invoice as improper, the time for processing a payment will be suspended until the Commonwealth receives a correct invoice. The Contractor may not receive payment until the Commonwealth has received a correct invoice.

Contractors are required to establish separate billing accounts with each using agency and invoice them directly.

Each invoice shall be itemized with adequate detail and match the line item on the Purchase Order. In no instance shall any payment be made for services to the Contractor that are not in accordance with the prices on the Purchase Order, the Contract, updated price lists or any discounts negotiated by the purchasing agency.

#### **V.21 CONTRACT-016.1 Payment (Oct 2006)**

- a. The Commonwealth shall put forth reasonable efforts to make payment by the required payment date. The required payment date is:
  - (a) the date on which payment is due under the terms of the Contract;
  - (b) thirty (30) days after a proper invoice actually is received at the "Bill To" address if a date on which payment is due is not specified in the Contract (a "proper" invoice is not received until the work has been performed to the reasonable satisfaction of the Commonwealth); or
  - (c) the payment date specified on the invoice if later than the dates established by (a) and (b) above. Payment may be delayed if the payment amount on an invoice is not based upon the price(s) as stated in the Contract. If any payment is not made within fifteen (15) days after the required payment date, the Commonwealth may pay interest as determined by the Secretary of Budget in accordance with Act No. 266 of 1982 and regulations promulgated pursuant thereto. Payment should not be construed by the Contractor as acceptance of the service performed by the Contractor. The Commonwealth reserves the right to conduct further testing and inspection after payment, but within a reasonable time after performance, and to reject the service if such post payment testing or inspection discloses a defect or a failure to meet specifications as determined by the Commonwealth in its reasonable discretion. The Contractor agrees that the Commonwealth may set off the amount of any state tax liability or other obligation of the Contractor or its subsidiaries to the Commonwealth against any payments due the Contractor under any contract with the Commonwealth.

## **V.22 CONTRACT-016.2 ACH Payments (Aug 2007)**

- b. The Commonwealth will make contract payments through the Automated Clearing House (ACH). Within 10 days of award of the contract or purchase order, the contractor must submit or must have already submitted their ACH information within their user profile in the Commonwealth's procurement system (SRM).
- c. The contractor must submit a unique invoice number with each invoice submitted. The unique invoice number will be listed on the Commonwealth of Pennsylvania's ACH remittance advice to enable the contractor to properly apply the state agency's payment to the invoice submitted.
- b. It is the responsibility of the contractor to ensure that the ACH information contained in SRM is accurate and complete. Failure to maintain accurate and complete information may result in delays in payments.

## **V.23 CONTRACT-017.1 Taxes (Dec 5 2006)**

The Commonwealth is exempt from all excise taxes imposed by the Internal Revenue Service and has accordingly registered with the Internal Revenue Service to make tax free purchases under Registration No. 23-23740001-K. With the exception of purchases of the following items, no exemption certificates are required and none will be issued: undyed diesel fuel, tires, trucks, gas guzzler emergency vehicles, and sports fishing equipment. The Commonwealth is also exempt from Pennsylvania state sales tax, local sales tax, public transportation assistance taxes and fees and vehicle rental tax. The Department of Revenue regulations provide that exemption certificates are not required for sales made to governmental entities and none will be issued. Nothing in this paragraph is meant to exempt a construction contractor from the payment of any of these taxes or fees which are required to be paid with respect to the purchase, use, rental, or lease of tangible personal property or taxable services used or transferred in connection with the performance of a construction contract.

## **V.24 CONTRACT-018.1 Assignment of Antitrust Claims (Oct 2006)**

The Contractor and the Commonwealth recognize that in actual economic practice, overcharges by the Contractor's suppliers resulting from violations of state or federal antitrust laws are in fact borne by the Commonwealth. As part of the consideration for the award of the Contract, and intending to be legally bound, the Contractor assigns to the Commonwealth all right, title and interest in and to any claims the Contractor now has, or may acquire, under state or federal antitrust laws relating to the products and services which are the subject of this Contract. For clarity, the foregoing assignment shall relate only to any claims for the specific volumes of the products and services provided under this Contract and shall not extend more generally to those products and services as provided to Contractor's other clients.

## **V.25 CONTRACT-019.1 Hold Harmless Provision (Nov 30 2006)**

- a. The Contractor shall hold the Commonwealth harmless from and indemnify the Commonwealth against any and all third party claims, demands and actions based upon or arising out of any activities performed by the Contractor and its employees and agents under this Contract, provided the Commonwealth gives Contractor prompt notice of any such claim of which it learns. Pursuant to the Commonwealth Attorneys Act (71 P.S. Section 732-101, et seq.), the Office of Attorney General (OAG) has the sole authority to represent the Commonwealth in actions brought against the Commonwealth. The OAG may, however, in its sole discretion and under such terms as it deems appropriate, delegate its right of defense. If OAG delegates the defense to the Contractor, the Commonwealth will cooperate with all reasonable requests of Contractor made in the defense of such suits.
- b. Notwithstanding the above, neither party shall enter into any settlement without the other party's written consent, which shall not be unreasonably withheld. The Commonwealth may, in its sole discretion, allow the Contractor to control the defense and any related settlement negotiations.

#### **V.26 CONTRACT-020.1 Audit Provisions (Oct 2006)**

The Commonwealth shall have the right, at reasonable times and at a site designated by the Commonwealth, to audit the books, documents and records of the Contractor to the extent that the books, documents and records relate to costs or pricing data for the Contract. The Contractor agrees to maintain records which will support the prices charged and costs incurred for the Contract. The Contractor shall preserve books, documents and records that relate to costs or pricing data for the Contract for a period of three (3) years from the date of final payment. The Contractor shall give full and free access to all records to the Commonwealth and/or their authorized representatives.

#### **V.27 CONTRACT-021.1 Default (Oct 2013)**

- a. The Commonwealth may, subject to the Force Majeure provisions of this Contract, and in addition to its other rights under the Contract, declare the Contractor in default by written notice thereof to the Contractor, and terminate (as provided in the Termination Provisions of this Contract) the whole or any part of this Contract or any Purchase Order for any of the following reasons:
  - 1) Failure to begin work within the time specified in the Contract or Purchase Order or as otherwise specified unless such failure results from the action or inaction of the Commonwealth;
  - 2) Failure to perform the work with sufficient labor, equipment, or material to ensure the completion of the specified work in accordance with the Contract or Purchase Order terms;
  - 3) Unsatisfactory performance of the work;



- 4) Failure to deliver the awarded item(s) within the time specified in the Contract or Purchase Order or as otherwise specified;
- 5) Improper delivery;
- 6) Failure to provide an item(s) which is in conformance with the specifications referenced in the Contract or Purchase Order;
- 7) Delivery of a defective item;
- 8) Failure or refusal to remove material, or remove and replace any work rejected as defective or unsatisfactory;
- 9) Discontinuance of work without approval;
- 10) Failure to resume work, which has been discontinued, within a reasonable time after notice to do so;
- 11) Insolvency or bankruptcy;
- 12) Assignment made for the benefit of creditors;
- 13) Failure or refusal within 10 days after written notice by the Contracting Officer, to make payment or show cause why payment should not be made, of any amounts due for materials furnished, labor supplied or performed, for equipment rentals, or for utility services rendered;
- 14) Failure to protect, to repair, or to make good any damage or injury to property;
- 15) Material breach of any provision of the Contract after Contractor has been first given notice and a reasonable opportunity to cure such breach;
- 16) Failure to comply with representations made in the Contractor's bid/proposal; or
- 17) Failure to comply with applicable industry standards, customs, and practice.

In the event that the Commonwealth terminates this Contract or any Purchase Order in whole or in part as provided in Subparagraph a. above, the Commonwealth may procure, upon such terms and in such manner as it determines, items similar or identical to those so terminated at its own cost and expense and the Contractor shall be liable to the Commonwealth for any reasonable excess costs for such similar or identical items included within the terminated part of the Contract or Purchase Order.

- b. If the Contract or a Purchase Order is terminated as provided in Subparagraph a. above, the Commonwealth, in addition to any other rights provided in this paragraph, may require the Contractor to transfer title, but only as and if applicable, and deliver immediately to the Commonwealth in the manner and to the extent directed by the Contracting Officer, such

partially completed items, including, where applicable, reports, working papers and other documentation, as the Contractor has specifically produced or specifically acquired for the performance of such part of the Contract or Purchase Order as has been terminated. Except as provided below, payment for completed work accepted by the Commonwealth shall be at the Contract price. Except as provided below, payment for partially completed items including, where applicable, reports and working papers, delivered to and accepted by the Commonwealth shall be in an amount agreed upon by the Contractor and Contracting Officer. The Commonwealth may withhold from amounts otherwise due the Contractor for such completed or partially completed works, such sum as the Contracting Officer determines to be necessary to protect the Commonwealth against loss.

- c. The rights and remedies of the Commonwealth provided in this paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.
- d. The Commonwealth's failure to exercise any rights or remedies provided in this paragraph shall not be construed to be a waiver by the Commonwealth of its rights and remedies in regard to the event of default or any succeeding event of default.
- e. Following exhaustion of the Contractor's administrative remedies as set forth in the Contract Controversies Provision of the Contract, the Contractor's exclusive remedy shall be to seek damages in the Board of Claims.

#### **V.28 CONTRACT-022.1 Force Majeure (Oct 2006)**

Neither party will incur any liability to the other if its performance of any obligation under this Contract is prevented or delayed by causes beyond its control and without the fault or negligence of either party. Causes beyond a party's control may include, but aren't limited to, acts of God or war, changes in controlling law, regulations, orders or the requirements of any governmental entity, severe weather conditions, civil disorders, natural disasters, fire, epidemics and quarantines, general strikes throughout the trade, and freight embargoes. The Contractor shall notify the Commonwealth orally within five (5) days and in writing within ten (10) days of the date on which the Contractor becomes aware, or should have reasonably become aware, that such cause would prevent or delay its performance. Such notification shall (i) describe fully such cause(s) and its effect on performance, (ii) state whether performance under the contract is prevented or delayed and (iii) if performance is delayed, state a reasonable estimate of the duration of the delay. The Contractor shall have the burden of proving that such cause(s) delayed or prevented its performance despite its diligent efforts to perform and shall produce such supporting documentation as the Commonwealth may reasonably request. After receipt of such notification, the Commonwealth may elect to cancel the Contract, cancel the Purchase Order, or to extend the time for performance as reasonably necessary to compensate for the Contractor's delay. In the event of a declared emergency by competent governmental authorities, the Commonwealth by notice to the Contractor, may suspend all or a portion of the Contract or Purchase Order.

#### **V.29 CONTRACT-023.1a Termination Provisions (Oct 2013)**

The Commonwealth has the right to terminate this Contract or any Purchase Order for any of the following reasons.

Termination shall be effective upon written notice to the Contractor.

- a. **TERMINATION FOR CONVENIENCE:** The Commonwealth shall have the right to terminate the Contract or a Purchase Order for its convenience if the Commonwealth determines termination to be in its best interest. The Contractor shall be paid for work satisfactorily completed prior to the effective date of the termination, but in no event shall the Contractor be entitled to recover loss of profits.
- b. **NON-APPROPRIATION:** The Commonwealth's obligation to make payments during any Commonwealth fiscal year succeeding the current fiscal year shall be subject to availability and appropriation of funds. When funds (state and/or federal) are not appropriated or otherwise made available to support continuation of performance in a subsequent fiscal year period, the Commonwealth shall have the right to terminate the Contract or a Purchase Order. The Contractor shall be reimbursed for the reasonable value of any nonrecurring costs incurred but not amortized in the price of the supplies or services delivered under the Contract. Such reimbursement shall not include loss of profit, loss of use of money, or administrative or overhead costs. The reimbursement amount may be paid from any appropriations available for that purpose.
- c. **TERMINATION FOR CAUSE:** Either party shall have the right to terminate the Contract or a Purchase Order for default under the Default Clause upon written notice to the other. The Commonwealth shall also have the right, upon written notice to the Contractor, to terminate the Contract or a Purchase Order for other cause as specified in the Contract or by law. If it is later determined that the Commonwealth erred in terminating the Contract or a Purchase Order for cause, then, at the Commonwealth's discretion, the Contract or Purchase Order shall be deemed to have been terminated for convenience under the Subparagraph a.

### **V.30 CONTRACT-024.1 Contract Controversies (Oct 2011)**

- a. In the event of a controversy or claim arising from the Contract, the Contractor must, within six months after the cause of action accrues, file a written claim with the contracting officer for a determination. The claim shall state all grounds upon which the Contractor asserts a controversy exists. If the Contractor fails to file a claim or files an untimely claim, the Contractor is deemed to have waived its right to assert a claim in any forum. At the time the claim is filed, or within sixty (60) days thereafter, either party may request mediation through the Commonwealth Office of General Counsel Dispute Resolution Program.
- b. If the Contractor or the contracting officer requests mediation and the other party agrees, the contracting officer shall promptly make arrangements for mediation. Mediation shall be scheduled so as to not delay the issuance of the final determination beyond the required 120

days after receipt of the claim if mediation is unsuccessful. If mediation is not agreed to or if resolution is not reached through mediation, the contracting officer shall review timely-filed claims and issue a final determination, in writing, regarding the claim. The final determination shall be issued within 120 days of the receipt of the claim, unless extended by consent of the contracting officer and the Contractor. The contracting officer shall send his/her written determination to the Contractor. If the contracting officer fails to issue a final determination within the 120 days (unless extended by consent of the parties), the claim shall be deemed denied. The contracting officer's determination shall be the final order of the purchasing agency.

- c. Within fifteen (15) days of the mailing date of the determination denying a claim or within 135 days of filing a claim if, no extension is agreed to by the parties, whichever occurs first, the Contractor may file a statement of claim with the Commonwealth Board of Claims. Pending a final judicial resolution of a controversy or claim, the Contractor shall proceed diligently with the performance of the Contract in a manner consistent with the determination of the contracting officer and the Commonwealth shall compensate the Contractor pursuant to the terms of the Contract.

#### **V.31 CONTRACT-025.1 Assignability and Subcontracting (Oct 2013)**

- a. Subject to the terms and conditions of this paragraph, this Contract shall be binding upon the parties and their respective successors and assigns.
- b. The Contractor shall not subcontract with any person or entity to perform all or any part of the work to be performed under this Contract without the prior written consent of the Contracting Officer, which consent may be withheld at the sole discretion of the Contracting Officer acting reasonably.
- c. The Contractor may not assign, in whole or in part, this Contract or its rights, duties, obligations, or responsibilities hereunder without the prior written consent of the Contracting Officer, which consent may be withheld at the sole discretion of the Contracting Officer acting reasonably.
- d. Notwithstanding the foregoing, the Contractor may, without the consent of the Contracting Officer, assign its rights to payment to be received under the Contract, provided that the Contractor provides written notice of such assignment to the Contracting Officer together with a written acknowledgement from the assignee that any such payments are subject to all of the terms and conditions of this Contract.
- e. For the purposes of this Contract, the term "assign" shall include, but shall not be limited to, the sale, gift, assignment, pledge, or other transfer of any ownership interest in the Contractor provided, however, that the term shall not apply to the sale or other transfer of stock of a publicly traded company.
- f. Any assignment consented to by the Contracting Officer shall be evidenced by a written assignment agreement executed by the Contractor and its assignee in which the assignee

agrees to be legally bound by all of the terms and conditions of the Contract and to assume the duties, obligations, and responsibilities being assigned.

- g. A change of name by the Contractor, following which the Contractor's federal identification number remains unchanged, shall not be considered to be an assignment hereunder. The Contractor shall give the Contracting Officer written notice of any such change of name.

### **V.32 CONTRACT-026.1 Other Contractors (Oct 2006)**

The Commonwealth may undertake or award other contracts for additional or related work, and the Contractor shall cooperate as reasonably requested with other contractors and Commonwealth employees, and coordinate its work with such additional work as may be required, but always within the scope of work contemplated by this Contract and in no event shall Contractor be required to shares its confidential and/or proprietary information with any third party. The Contractor shall not commit or permit any act that will interfere with the performance of work by any other contractor or by Commonwealth employees. This paragraph shall be included in the Contracts of all contractors with which this Contractor will be required to cooperate. The Commonwealth shall equitably enforce this paragraph as to all contractors to prevent the imposition of unreasonable burdens on any contractor.

### **V.33 CONTRACT-027.1 Nondiscrimination/Sexual Harassment Clause (July 2012)**

The Contractor agrees:

1. In the hiring of any employee(s) for the manufacture of supplies, performance of work, or any other activity required under the contract or any subcontract, the Contractor, each subcontractor, or any person acting on behalf of the Contractor or subcontractor shall not, by reason of gender, race, creed, or color, discriminate against any citizen of this Commonwealth who is qualified and available to perform the work to which the employment relates.
2. Neither the Contractor nor any subcontractor nor any person on their behalf shall in any manner discriminate against or intimidate any employee involved in the manufacture of supplies, the performance of work, or any other activity required under the contract on account of gender, race, creed, or color.
3. The Contractor and each subcontractor shall establish and maintain a written sexual harassment policy and shall inform their employees of the policy. The policy must contain a notice that sexual harassment will not be tolerated and employees who practice it will be disciplined.
4. The Contractor and each subcontractor shall not discriminate by reason of gender, race, creed, or color against any subcontractor or supplier who is qualified to perform the work to which the contract relates.

5. The Contractor and each subcontractor shall, within the time periods reasonably requested by the Commonwealth, furnish all necessary employment documents and records and permit access to their books, records, and accounts by the contracting agency and the Bureau of Small Business Opportunities (BSBO), for purpose of ascertaining compliance with provisions of this Nondiscrimination/Sexual Harassment Clause. Within fifteen (15) days after award of any contract, the Contractor shall be required to complete, sign and submit Form STD-21, the "Initial Contract Compliance Data" form. If the contract is a construction contract, then the Contractor shall be required to complete, sign and submit Form STD-28, the "Monthly Contract Compliance Report for Construction Contractors", each month no later than the 15th of the month following the reporting period beginning with the initial job conference and continuing through the completion of the project. Those contractors who have fewer than five employees or whose employees are all from the same family or who have completed the Form STD-21 within the past 12 months may, within the 15 days, request an exemption from the Form STD-21 submission requirement from the contracting agency.
6. The Contractor shall include the provisions of this Nondiscrimination/Sexual Harassment Clause in every subcontract so that those provisions applicable to subcontractors will be binding upon each subcontractor.
7. The Commonwealth may cancel or terminate the contract and all money due or to become due under the contract may be forfeited for a violation of the terms and conditions of this Nondiscrimination/Sexual Harassment Clause. In addition, the agency may proceed with debarment or suspension and may place the Contractor in the Contractor Responsibility File.

#### **V.34 CONTRACT-028.1 Contractor Integrity Provisions (Oct 2013)**

It is essential that those who seek to contract with the Commonwealth of Pennsylvania ("Commonwealth") observe high standards of honesty and integrity. They must conduct themselves in a manner that fosters public confidence in the integrity of the Commonwealth procurement process.

In furtherance of this policy, Contractor agrees to the following:

1. Contractor shall maintain the highest standards of honesty and integrity during the performance of this contract and shall take no action in violation of state or federal laws or regulations or any other applicable laws or regulations, or other requirements applicable to Contractor or that govern contracting with the Commonwealth.
2. Contractor shall establish and implement a written business integrity policy (or code of ethics), which includes, at a minimum, the requirements of these provisions as they relate to Contractor employee activity within the Commonwealth and Commonwealth employees, and which is distributed and made known to all Contractor employees.
3. Contractor, its affiliates, agents and employees shall not influence, or attempt to influence, any Commonwealth employee to breach the standards of ethical conduct for

Commonwealth employees set forth in the *Public Official and Employees Ethics Act*, 65 Pa.C.S. §§1101 et seq.; the *State Adverse Interest Act*, 71 P.S. §776.1 et seq.; and the *Governor's Code of Conduct, Executive Order 1980-18*, 4 Pa. Code §7.151 et seq., or to breach any other state or federal law or regulation.

4. Contractor, its affiliates, agents and employees shall not offer, give, or agree or promise to give any gratuity to a Commonwealth official or employee or to any other person at the direction or request of any Commonwealth official or employee.
5. Contractor, its affiliates, agents and employees shall not offer, give, or agree or promise to give any gratuity to a Commonwealth official or employee or to any other person, the acceptance of which would violate the *Governor's Code of Conduct, Executive Order 1980-18*, 4 Pa. Code §7.151 et seq. or any statute, regulation, statement of policy, management directive or any other published standard of the Commonwealth.
6. Contractor, its affiliates, agents and employees shall not, directly or indirectly, offer, confer, or agree to confer any pecuniary benefit on anyone as consideration for the decision, opinion, recommendation, vote, other exercise of discretion, or violation of a known legal duty by any Commonwealth official or employee.
7. Contractor, its affiliates, agents, employees, or anyone in privity with him or her shall not accept or agree to accept from any person, any gratuity in connection with the performance of work under the contract, except as provided in the contract (and, for clarity, the foregoing shall not prevent Contractor from compensating its employees in the ordinary course, including incentive-based compensation).
8. Contractor shall not have a financial interest in any other contractor, subcontractor, or supplier providing services, labor, or material on this project, unless the financial interest is disclosed to the Commonwealth in writing and the Commonwealth consents to Contractor's financial interest prior to Commonwealth execution of the contract. Contractor shall disclose the financial interest to the Commonwealth at the time of bid or proposal submission, or if no bids or proposals are solicited, no later than Contractor's submission of the contract signed by Contractor.
9. Contractor, its affiliates, agents and employees shall not disclose to others any information, documents, reports, data, or records provided to, or prepared by, Contractor under this contract without the prior written approval of the Commonwealth, except as required by the *Pennsylvania Right-to-Know Law*, 65 P.S. §§ 67.101-3104, or other applicable law or as otherwise provided in this contract. Any information, documents, reports, data, or records secured by Contractor from the Commonwealth or a third party in connection with the performance of this contract shall be kept confidential unless disclosure of such information is:
  - a. Approved in writing by the Commonwealth prior to its disclosure; or
  - b. Directed by a court or other tribunal of competent jurisdiction unless the contract requires prior Commonwealth approval; or

- c. Required for compliance with federal or state securities laws or the requirements of national securities exchanges; or
- d. Necessary for purposes of Contractor's internal assessment and review; or
- e. Deemed necessary by Contractor in any action to enforce the provisions of this contract or to defend or prosecute claims by or against parties other than the Commonwealth; or
- f. Permitted by the valid authorization of a third party to whom the information, documents, reports, data, or records pertain; or
- g. Necessary for the performance of the services under the Contract; or
- h. Otherwise required by law.

For clarity, information, documents, reports, data, or records provided to, or prepared by, Contractor under this Contract which are not developed specifically and/or exclusively for the Commonwealth shall not be subject to the restrictions on disclosure set forth herein.

10. Contractor certifies that neither it nor, to its knowledge after reasonable inquiry, any of its officers, directors, associates, partners, limited partners or individual owners has been officially notified of, charged with, or convicted of any of the following and agrees to immediately notify the Commonwealth agency contracting officer in writing if and when it or any officer, director, associate, partner, limited partner or individual owner has been officially notified of, charged with, convicted of, or officially notified of a governmental determination of any of the following:

- a. Commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements or receiving stolen property.
- b. Commission of fraud or a criminal offense or other improper conduct or knowledge of, approval of or acquiescence in such activities by Contractor or any affiliate, officer, director, associate, partner, limited partner, individual owner, or employee or other individual or entity associated with:
  - 1) obtaining;
  - 2) attempting to obtain; or
  - 3) performing a public contract or subcontract.

Contractor's acceptance of the benefits derived from the conduct shall be deemed evidence of such knowledge, approval or acquiescence.

- c. Violation of federal or state antitrust statutes.
- d. Violation of any federal or state law regulating campaign contributions.
- e. Violation of any federal or state environmental law.
- f. Violation of any federal or state law regulating hours of labor, minimum wage standards or prevailing wage standards; discrimination in wages; or child labor violations.
- g. Violation of the *Act of June 2, 1915 (P.L.736, No. 338)*, known as the *Workers' Compensation Act, 77 P.S. 1 et seq.*
- h. Violation of any federal or state law prohibiting discrimination in employment.



- i. Debarment by any agency or department of the federal government or by any other state.
- j. Any other crime involving moral turpitude or business honesty or integrity.

Contractor acknowledges that the Commonwealth may, in its sole discretion, terminate the contract for cause upon such notification or when the Commonwealth otherwise learns that Contractor has been officially notified, charged, or convicted.

11. If this contract was awarded to Contractor on a non-bid basis, Contractor must, (as required by *Section 1641 of the Pennsylvania Election Code*) file a report of political contributions with the Secretary of the Commonwealth on or before February 15 of the next calendar year. The report must include an itemized list of all political contributions known to Contractor by virtue of the knowledge possessed by every officer, director, associate, partner, limited partner, or individual owner that has been made by:
  - a. Any officer, director, associate, partner, limited partner, individual owner or members of the immediate family when the contributions exceed an aggregate of one thousand dollars (\$1,000) by any individual during the preceding year; or
  - b. Any employee or members of his immediate family whose political contribution exceeded one thousand dollars (\$1,000) during the preceding year.
12. Contractor shall comply with requirements of the *Lobbying Disclosure Act, 65 Pa.C.S. § 13A01 et seq.*, and the regulations promulgated pursuant to that law. Contractor employee activities prior to or outside of formal Commonwealth procurement communication protocol are considered lobbying and subjects the Contractor employees to the registration and reporting requirements of the law. Actions by outside lobbyists on Contractor's behalf, no matter the procurement stage, are not exempt and must be reported.
13. When Contractor has reason to believe that any breach of ethical standards as set forth in law, the Governor's Code of Conduct, or in these provisions has occurred or may occur, including but not limited to contact by a Commonwealth officer or employee which, if acted upon, would violate such ethical standards, Contractor shall immediately notify the Commonwealth contracting officer or Commonwealth Inspector General in writing.
14. Contractor, by submission of its bid or proposal and/or execution of this contract and by the submission of any bills, invoices or requests for payment pursuant to the contract, certifies and represents that it has not violated any of these contractor integrity provisions in connection with the submission of the bid or proposal, during any contract negotiations or during the term of the contract.
15. Contractor shall cooperate with the Office of Inspector General in its investigation of any alleged Commonwealth employee breach of ethical standards and any alleged Contractor non-compliance with these provisions. Contractor agrees to make identified Contractor employees available for interviews at reasonable times and places. Contractor, upon the inquiry or request of the Office of Inspector General, shall provide, or if appropriate, make promptly available for inspection or copying, any information of any type or form deemed

relevant by the Inspector General to Contractor's integrity and compliance with these provisions. Such information may include, but shall not be limited to, Contractor's business or financial records, documents or files of any type or form that refers to or concern this contract.

16. For violation of any of these Contractor Integrity Provisions, the Commonwealth may terminate this and any other contract with Contractor, claim liquidated damages in an amount equal to the value of anything received in breach of these provisions, claim damages for all additional costs and expenses incurred in obtaining another contractor to complete performance under this contract, and debar and suspend Contractor from doing business with the Commonwealth. These rights and remedies are cumulative, and the use or non-use of any one shall not preclude the use of all or any other. These rights and remedies are in addition to those the Commonwealth may have under law, statute, regulation, or otherwise.
17. For purposes of these Contractor Integrity Provisions, the following terms shall have the meanings found in this Paragraph.
  - a. "Confidential information" means information that a) is not already in the public domain; b) is not available to the public upon request; c) is not or does not become generally known to Contractor from a third party without an obligation to maintain its confidentiality; d) has not become generally known to the public through a act or omission of Contractor; or e) has not been independently developed by Contractor without the use of confidential information of the Commonwealth.
  - b. "Consent" means written permission signed by a duly authorized officer or employee of the Commonwealth, provided that where the material facts have been disclosed, in writing, by pre-qualification, bid, proposal, or contractual terms, the Commonwealth shall be deemed to have consented by virtue of execution of this contract.
  - c. "Contractor" means the individual or entity that has entered into this contract with the Commonwealth, including those directors, officers, partners, managers, and owners having more than a five percent interest in Contractor.
  - d. "Financial interest" means:
    - (1) Ownership of more than a five percent interest in any business; or
    - (2) Holding a position as an officer, director, trustee, partner, employee, or holding any position of management.
  - e. "Gratuity" means tendering, giving or providing anything of more than nominal monetary value including, but not limited to, cash, travel, entertainment, gifts, meals, lodging, loans, subscriptions, advances, deposits of money, services, employment, or contracts of any kind. The exceptions set forth in the *Governor's Code of Conduct, Executive Order 1980-18*, the *4 Pa. Code §7.153(b)*, shall apply.

- f. "Immediate family" means a spouse and any unemancipated child.
- g. "Non-bid basis" means a contract awarded or executed by the Commonwealth with Contractor without seeking bids or proposals from any other potential bidder or offeror.
- h. "Political contribution" means any payment, gift, subscription, assessment, contract, payment for services, dues, loan, forbearance, advance or deposit of money or any valuable thing, to a candidate for public office or to a political committee, including but not limited to a political action committee, made for the purpose of influencing any election in the Commonwealth of Pennsylvania or for paying debts incurred by or for a candidate or committee before or after any election.

### **V.35 CONTRACT-029.1 Contractor Responsibility Provisions (Nov 2010)**

For the purpose of these provisions, the term contractor is defined as any person, including, but not limited to, a bidder, offeror, loan recipient, grantee or lessor, who has furnished or performed or seeks to furnish or perform, goods, supplies, services, leased space, construction or other activity, under a contract, grant, lease, purchase order or reimbursement agreement with the Commonwealth of Pennsylvania (Commonwealth). The term contractor includes a permittee, licensee, or any agency, political subdivision, instrumentality, public authority, or other public entity in the Commonwealth.

1. The Contractor certifies, in writing, for itself and its subcontractors required to be disclosed or approved by the Commonwealth, that as of the date of its execution of this Bid/Contract, that neither the Contractor, nor any such subcontractors, are under suspension or debarment by the Commonwealth or any governmental entity, instrumentality, or authority and, if the Contractor cannot so certify, then it agrees to submit, along with its Bid/Contract, a written explanation of why such certification cannot be made.
2. The Contractor also certifies, in writing, that as of the date of its execution of this Bid/Contract it has no tax liabilities or other Commonwealth obligations, or has filed a timely administrative or judicial appeal if such liabilities or obligations exist, or is subject to a duly approved deferred payment plan if such liabilities exist.
3. The Contractor's obligations pursuant to these provisions are ongoing from and after the effective date of the Contract through the termination date thereof. Accordingly, the Contractor shall have an obligation to inform the Commonwealth if, at any time during the term of the Contract, it becomes delinquent in the payment of taxes, or other Commonwealth obligations, or if it or, to the best knowledge of the Contractor, any of its subcontractors are suspended or debarred by the Commonwealth, the federal government, or any other state or governmental entity. Such notification shall be made within 15 days of the date of suspension or debarment.

4. The failure of the Contractor to notify the Commonwealth of its suspension or debarment by the Commonwealth, any other state, or the federal government shall constitute an event of default of the Contract with the Commonwealth.
5. The Contractor agrees to reimburse the Commonwealth for the reasonable costs of investigation incurred by the Office of State Inspector General for investigations of the Contractor's compliance with the terms of this or any other agreement between the Contractor and the Commonwealth that results in the suspension or debarment of the contractor. Such costs shall include, but shall not be limited to, salaries of investigators, including overtime; travel and lodging expenses; and expert witness and documentary fees. The Contractor shall not be responsible for investigative costs for investigations that do not result in the Contractor's suspension or debarment.
6. The Contractor may obtain a current list of suspended and debarred Commonwealth contractors by either searching the Internet at <http://www.dgs.pa.gov> or contacting the:

Department of General Services  
Office of Chief Counsel  
603 North Office Building  
Harrisburg, PA 17125  
Telephone No: (717) 783-6472  
FAX No: (717) 787-9138

#### **V.36 CONTRACT-030.1 Americans with Disabilities Act (Oct 2006)**

- a. Pursuant to federal regulations promulgated under the authority of The Americans With Disabilities Act, 28 C.F.R. Section 35.101 et seq., the Contractor understands and agrees that it shall not cause any individual with a disability to be excluded from participation in this Contract or from activities provided for under this Contract on the basis of the disability. As a condition of accepting this contract, the Contractor agrees to comply with the "General Prohibitions Against Discrimination," 28 C.F.R. Section 35.130, and all other regulations promulgated under Title II of The Americans With Disabilities Act which are applicable to all benefits, services, programs, and activities provided by the Commonwealth of Pennsylvania through contracts with outside contractors.
- b. The Contractor shall be responsible for and agrees to indemnify and hold harmless the Commonwealth of Pennsylvania from all losses, damages, expenses, claims, demands, suits, and actions brought by any party against the Commonwealth of Pennsylvania as a result of the Contractor's failure to comply with the provisions of Subparagraph a. above.

#### **V.37 CONTRACT-032.1 Covenant Against Contingent Fees (Oct 2006)**

The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure the Contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or

violation of this warranty, the Commonwealth shall have the right to terminate the Contract without liability or in its discretion to deduct from the Contract price or consideration, or otherwise recover the full amount of such commission, percentage, brokerage, or contingent fee.

**V.38 CONTRACT-033.1 Applicable Law (Oct 2006)**

This Contract shall be governed by and interpreted and enforced in accordance with the laws of the Commonwealth of Pennsylvania (without regard to any conflict of laws provisions) and the decisions of the Pennsylvania courts. The Contractor consents to the jurisdiction of any court of the Commonwealth of Pennsylvania and any federal courts in Pennsylvania, waiving any claim or defense that such forum is not convenient or proper. The Contractor agrees that any such court shall have in personam jurisdiction over it, and consents to service of process in any manner authorized by Pennsylvania law.

**V.39 CONTRACT-034.1a Integration – RFP (Dec 12 2006)**

This Contract, including the Requests for Proposals, Contractor's Proposal, Contractor's Best and Final Offer as and if those documents are referenced and incorporated into the Contract, as well as any Purchase Order, constitutes the entire agreement between the parties. No agent, representative, employee or officer of either the Commonwealth or the Contractor has authority to make, or has made, any statement, agreement or representation, oral or written, in connection with the Contract, which in any way can be deemed to modify, add to or detract from, or otherwise change or alter its terms and conditions. No negotiations between the parties, nor any custom or usage, shall be permitted to modify or contradict any of the terms and conditions of the Contract. No modifications, alterations, changes, or waiver to the Contract or any of its terms shall be valid or binding unless accomplished by a written amendment signed by both parties.

**V.40 CONTRACT-034.2a Order of Precedence - RFP (Dec 12 2006)**

In the event there is a conflict among the documents comprising this Contract, the Commonwealth and the Contractor agree that the order of precedence shall be as specified in the Contract.

**V.41 CONTRACT-034.3 Controlling Terms and Conditions (Aug 2011)**

The terms and conditions of this Contract shall be the exclusive terms of agreement between the Contractor and the Commonwealth. All quotations requested and received from the Contractor are for obtaining firm pricing only. Other terms and conditions or additional terms and conditions included or referenced in the Contractor's quotations, invoices, business forms, or other documentation shall not become part of the parties' agreement and shall be disregarded by the parties, unenforceable by the Contractor and not binding on the Commonwealth.

**V.42 CONTRACT-035.1a Changes (Oct 2006)**

The Commonwealth reserves the right to make changes at any time during the term of the Contract or any renewals or extensions thereof:

- 1) to notify the Contractor that the Commonwealth is exercising any Contract renewal. Any such change shall be made by the Contracting Officer by notifying the Contractor in writing. The change shall be effective as of the date of the change, unless the notification of change specifies a later effective date. Such increases, decreases, changes, or modifications will not invalidate the Contract, nor, if performance security is being furnished in conjunction with the Contract, release the security obligation. The Contractor agrees to provide the service in accordance with the change order. Any dispute by the Contractor in regard to the performance required by any notification of change shall be handled through Contract Controversies Provision.

#### **V.43 CONTRACT-036.1 Background Checks (Oct 2013)**

- a. The Contractor must, at its expense, arrange for a background check for each of its employees, as well as the employees of any of its subcontractors, who will have access to Commonwealth facilities, either through on-site access or through remote access..
- b. Before the Commonwealth will permit access to the Contractor, the Contractor must provide written confirmation that the background checks have been conducted. If, at any time, it is discovered that a Contractor employee has a criminal record that includes a felony or misdemeanor involving terroristic behavior, violence, use of a lethal weapon, or breach of trust/fiduciary responsibility or which raises concerns about building, system or personal security or is otherwise job-related, the Contractor shall not assign that employee to any Commonwealth facilities, shall remove any access privileges already given to the employee and shall not permit that employee remote access unless the Commonwealth consents to the access, in writing, prior to the access. The Commonwealth may withhold its consent in its sole discretion. Failure of the Contractor to comply with the terms of this Section on more than one occasion or Contractor's failure to appropriately address any single failure to the satisfaction of the Commonwealth may result in the Contractor being deemed in default of its Contract.
- c. The Commonwealth specifically reserves the right of the Commonwealth to conduct background checks over and above that described herein.
- d. Access to certain Capitol Complex buildings and other state office buildings is controlled by means of card readers and secured visitors' entrances. Commonwealth contracted personnel who have regular and routine business in Commonwealth worksites may be issued a photo identification or access badge subject to the requirements of the contracting agency and DGS set forth in Enclosure 3 of Commonwealth Management Directive 625.10 Amended (January 30, 2008) Card Reader and Emergency Response Access to Certain Capitol Complex Buildings and Other State Office Buildings. The requirements, policy and procedures include a processing fee payable by the Contractor for contracted personnel photo identification or access badges.

#### **V.44 CONTRACT-037.1a Confidentiality (Oct 2013)**

- a. The Contractor agrees to protect the confidentiality of the Commonwealth's confidential information. The Commonwealth agrees to protect the confidentiality of Contractor's confidential information. In order for information to be deemed confidential, the party claiming confidentiality must designate the information as "confidential" in such a way as to give notice to the other party (notice may be communicated by describing the information, and the specifications around its use or disclosure, in the SOW) or, if not so marked, the information shall still be treated as confidential hereunder if the information is reasonably understood under the circumstances to be confidential (either because of the nature of the information and/or the manner in which it is provided). Neither party may assert that information owned by the other party is such party's confidential information. The parties agree that such confidential information shall not be copied, in whole or in part, or used or disclosed except when essential for authorized activities under this Contract and, in the case of disclosure, where the recipient of the confidential information has agreed to be bound by confidentiality requirements no less restrictive than those set forth herein. Each copy of such confidential information shall be marked by the party making the copy with any notices appearing in the original. Upon termination or cancellation of this Contract or any license granted hereunder, the receiving party will return to the disclosing party all copies of the confidential information in the receiving party's possession, other than one copy, which may be maintained for archival purposes only, and which will remain subject to this Contract's security, privacy, data retention/destruction and confidentiality provisions (all of which shall survive the expiration of this Contract). Further, neither party shall be required to destroy or return information held in electronic form through the ordinary course operation of data backup and recovery systems and which cannot be easily deleted or destroyed. Both parties agree that a material breach of these requirements may, after failure to cure within the time frame specified in this Contract, and at the discretion of the non-breaching party, result in termination for default pursuant to the DEFAULT provision of this Contract, in addition to other remedies available to the non-breaching party.
- b. Insofar as information is not otherwise protected by law or regulation, the obligations stated in this Section do not apply to information:
- (1) already known to the recipient at the time of disclosure other than through the contractual relationship;
  - (2) independently generated by the recipient and not derived by the information supplied by the disclosing party.
  - (3) known or available to the public, except where such knowledge or availability is the result of unauthorized disclosure by the recipient of the proprietary information;
  - (4) disclosed to the recipient without a similar restriction by a third party who has the right to make such disclosure; or
  - (5) required to be disclosed by law, regulation, court order, or other legal process.
- c. The Contractor shall use the following process when submitting information to the Commonwealth it believes to be confidential and/or proprietary information or trade secrets:

- (1) Prepare an un-redacted version of the appropriate document, and
- (2) Prepare a redacted version of the document that redacts the information that is asserted to be confidential or proprietary information or a trade secret, and
- (3) Prepare a signed written statement that states:
  - (i) the attached document contains confidential or proprietary information or trade secrets;
  - (ii) the Contractor is submitting the document in both redacted and un-redacted format in accordance with 65 P.S. § 67.707(b); and
  - (iii) the Contractor is requesting that the document be considered exempt under 65 P.S. § 67.708(b)(11) from public records requests.
- (4) Submit the two documents along with the signed written statement to the Commonwealth.

For clarity, the provisions of the foregoing subsection (c) are intended to apply only in the context of requests for information under the Commonwealth's "right to know" laws and so information provided by the Contractor in the ordinary course of providing services hereunder need not be submitted in accordance with the foregoing requirement in order to be treated confidentially and subject to the restrictions on usage herein.

#### **V.45 CONTRACT-037.2a Sensitive Information (Sept 2009)**

The Contractor shall not publish or otherwise disclose, except to the Commonwealth and except matters of public record, any information or data obtained hereunder from private individuals, organizations, or public agencies, in a publication whereby the information or data furnished by or about any particular person or establishment can be identified, except with the consent of such person or establishment. The parties shall not use or disclose any information about a recipient receiving services from, or otherwise enrolled in, a Commonwealth program affected by or benefiting from services under this Contract for any purpose not connected with the parties' Contract responsibilities except with the written consent of such recipient, recipient's attorney, or recipient's parent or guardian pursuant to applicable state and federal law and regulations. Contractor will be responsible to remediate any improper disclosure of information. Such remediation may include, but not be limited to, credit monitoring for individuals for whom information has been released and reimbursement of any costs incurred by individuals for whom information has been released. Costs for which Contractor is responsible under this paragraph are not subject to any limitation of liability set out in this Contract or Purchase Order.

#### **V.46 CONTRACT-041.1 Small Diverse Business Participation (July 2012)**

The selected contractor's commitments to Small Diverse Businesses made at the time of proposal submittal or contract negotiation shall, to the extent so provided in the commitment, be maintained throughout the term of the contract and through any renewal or extension of the contract. Any proposed change must be submitted to BSBO, which will make a recommendation to the Contracting Officer regarding a course of action. Small Diverse Business subcontractors must perform at least **50%** of the subcontracted work. If a contract is assigned to another



contractor, the new contractor must maintain the Small Diverse Business participation of the original contract. The selected contractor shall complete the Prime Contractor's Quarterly Utilization Report (or similar type document containing the same information) and submit it to the contracting officer of the Issuing Office and BSBO within 10 workdays at the end of each quarter the contract is in force. This information will be used to determine the actual dollar amount paid to Small Diverse Business subcontractors and suppliers. Also, this information will serve as a record of fulfillment of the commitment the selected contractor made and for which it received Small Diverse Business participation points. If there was no activity during the quarter then the form must be completed by stating "No activity in this quarter."

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

**V.47 CONTRACT-051.1 Notice (Dec 2006)**

Any written notice to any party under this Contract shall be deemed sufficient if delivered personally, or by facsimile, telecopy, electronic or digital transmission (provided such delivery is confirmed), or by a recognized overnight courier service (e.g., DHL, Federal Express, etc.) with confirmed receipt, or by certified or registered United States mail, postage prepaid, return receipt requested, and sent to following:

- a. If to the Contractor: the Contractor's address as recorded in the Commonwealth's Supplier Registration system.
- b. If to the Commonwealth: the address of the Issuing Office as set forth on the Contract.

**V.48 CONTRACT-052.1 Right to Know Law (Feb 2010)**

- a. The Pennsylvania Right-to-Know Law, 65 P.S. §§ 67.101-3104, ("RTKL") applies to this Contract. For the purpose of these provisions, the term "the Commonwealth" shall refer to the contracting Commonwealth agency.
- b. If the Commonwealth needs the Contractor's assistance in any matter arising out of the RTKL related to this Contract, it shall notify the Contractor using the legal contact information provided in this Contract. The Contractor, at any time, may designate a different contact for such purpose upon reasonable prior written notice to the Commonwealth.
- c. Upon written notification from the Commonwealth that it requires the Contractor's assistance in responding to a request under the RTKL for information related to this Contract that may be in the Contractor's possession, constituting, or alleged to constitute, a public record in accordance with the RTKL ("Requested Information"), the Contractor shall:

1. Provide the Commonwealth, within ten (10) calendar days after receipt of written notification, access to, and copies of, any document or information in the Contractor's possession arising out of this Contract that the Commonwealth reasonably believes is Requested Information and may be a public record under the RTKL; and
  2. Provide such other assistance as the Commonwealth may reasonably request, in order to comply with the RTKL with respect to this Contract.
- d. If the Contractor considers the Requested Information to include a request for a Trade Secret or Confidential Proprietary Information, as those terms are defined by the RTKL, or other information that the Contractor considers exempt from production under the RTKL, the Contractor must notify the Commonwealth and provide, within seven (7) calendar days of receiving the written notification, a written statement signed by a representative of the Contractor explaining why the requested material is exempt from public disclosure under the RTKL.
- e. The Commonwealth will rely upon the written statement from the Contractor in denying a RTKL request for the Requested Information unless the Commonwealth determines that the Requested Information is clearly not protected from disclosure under the RTKL. Should the Commonwealth determine that the Requested Information is clearly not exempt from disclosure, the Contractor shall provide the Requested Information within five (5) business days of receipt of written notification of the Commonwealth's determination.
- f. If the Contractor fails to provide the Requested Information within the time period required by these provisions, the Contractor shall indemnify and hold the Commonwealth harmless for any damages, penalties, costs, detriment or harm that the Commonwealth may incur as a result of the Contractor's failure, including any statutory damages assessed against the Commonwealth.
- g. The Commonwealth will reimburse the Contractor for any costs associated with complying with these provisions only to the extent allowed under the fee schedule established by the Office of Open Records or as otherwise provided by the RTKL if the fee schedule is inapplicable.
- h. The Contractor may file a legal challenge to any Commonwealth decision to release a record to the public with the Office of Open Records, or in the Pennsylvania Courts, however, the Contractor shall indemnify the Commonwealth for any legal expenses incurred by the Commonwealth as a result of such a challenge and shall hold the Commonwealth harmless for any damages, penalties, costs, detriment or harm that the Commonwealth may incur as a result of the Contractor's failure, including any statutory damages assessed against the Commonwealth, regardless of the outcome of such legal challenge. As between the parties, the Contractor agrees to waive all rights or remedies that may be available to it as a result of the Commonwealth's disclosure of Requested Information pursuant to the RTKL.

- i. The Contractor's duties relating to the RTKL are continuing duties that survive the expiration of this Contract and shall continue as long as the Contractor has Requested Information in its possession.

# EXHIBIT B



# Request for Proposal: Cost Submittal

Best and Final Offer

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Institutional Shareholder Services

**August 3, 2015**

**Presented to**  
Pennsylvania State Employees' Retirement System (SERS)

**Presented by**  
Institutional Shareholder Services Inc.  
702 King Farm Boulevard  
Rockville, Maryland 20850

[www.issgovernance.com](http://www.issgovernance.com)

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August 3, 2015

Mr. Joshua D. Smith  
Pennsylvania State Employees' Retirement System  
30 North Third Street, Suite 150  
Harrisburg, PA 17101-1716

Dear Mr. Smith:

Enclosed please find Institutional Shareholder Services' ("ISS") Best and Final Offer Cost Proposal to the Pennsylvania State Employees' Retirement System (SERS).

We are committed to providing SERS with the highest level of support and personalized attention to ensure the success of your governance program and to augment the work of the SERS' staff. Should you have any questions or concerns regarding our response, please contact us.

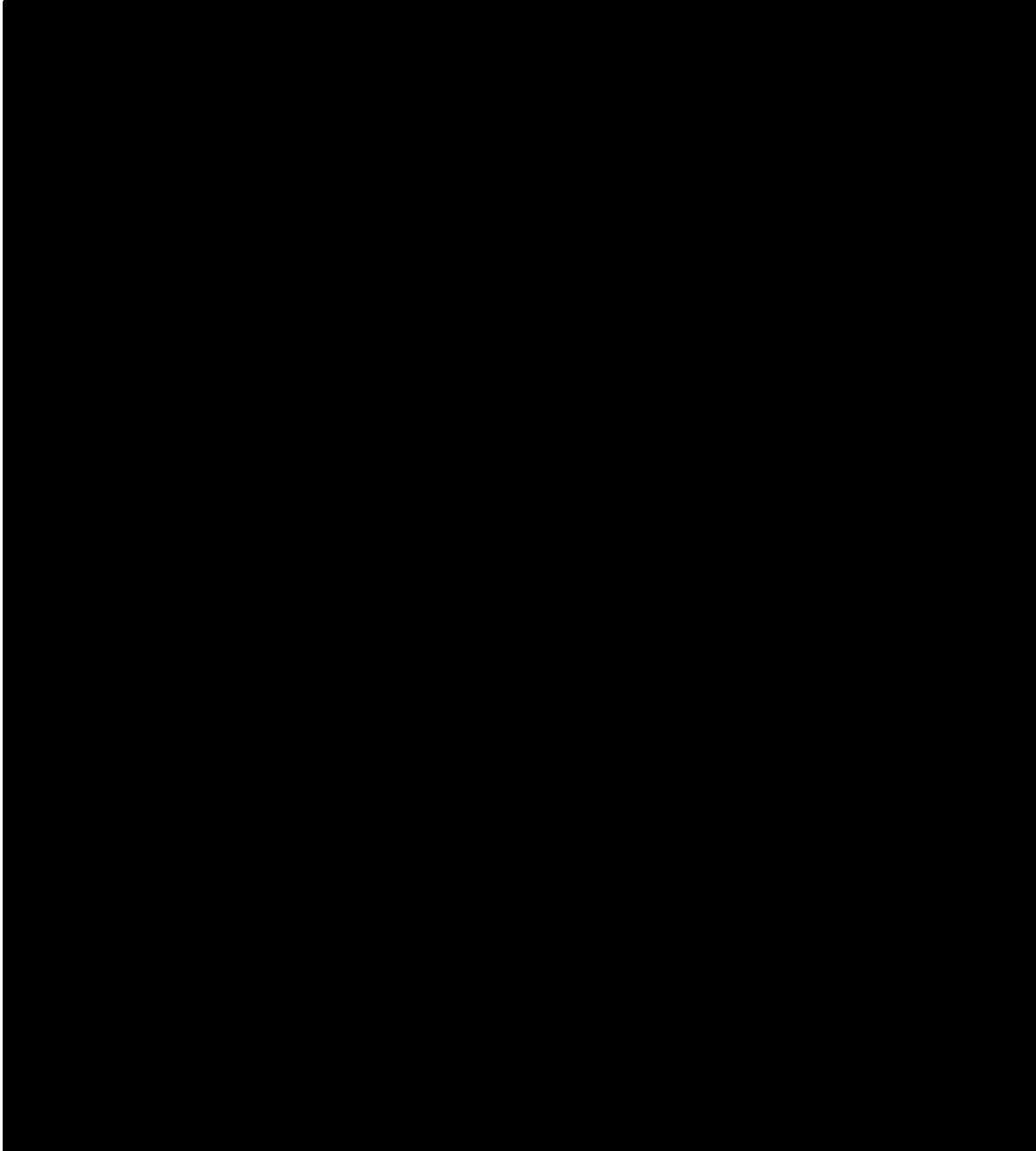
Warmest regards,

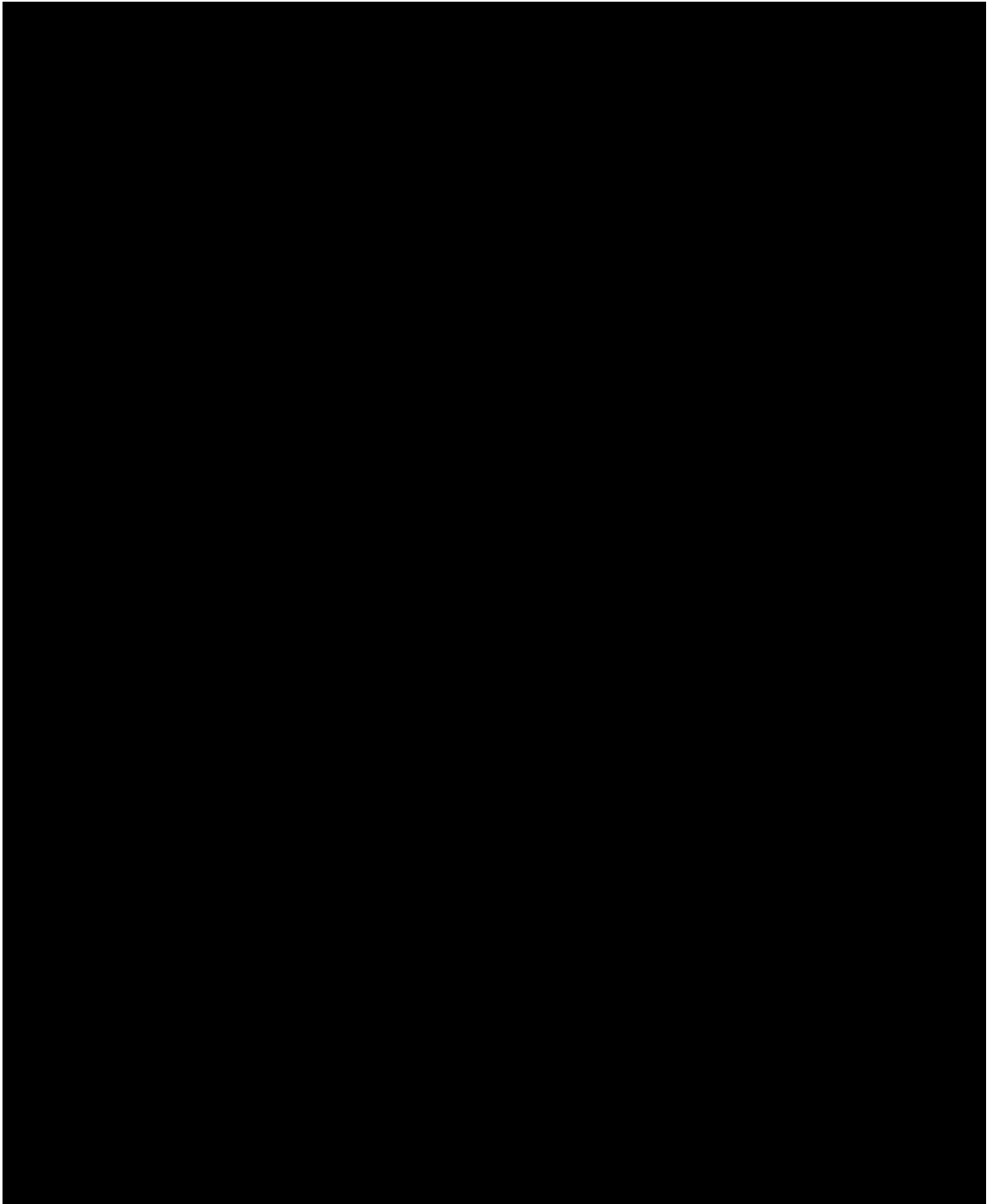
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**II-10. Cost Submittal.**









The Information has not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. None of the Information constitutes an offer to sell (or a solicitation of an offer to buy), or a promotion or recommendation of, any security, financial product or other investment vehicle or any trading strategy, and ISS does not endorse, approve, or otherwise express any opinion regarding any issuer, securities, financial products or instruments or trading strategies.



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# EXHIBIT C

**REQUEST FOR PROPOSALS FOR**

**PROXY VOTING SERVICES**

**ISSUING OFFICE**

**PENNSYLVANIA STATE EMPLOYEES' RETIREMENT SYSTEM  
(SERS)**

**RFP NUMBER  
SERS RFP 2015-011**

**DATE OF ISSUANCE**

**MAY 11, 2015**

**REQUEST FOR PROPOSALS FOR  
PROXY VOTING SERVICES**

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## CALENDAR OF EVENTS

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

Activity	Responsibility	Date
Deadline to submit Questions via email to Joshua D. Smith, smjoshua@pa.gov.	Potential Offerors	5/13/2015
Pre-proposal Conference—N/A.	Issuing Office/Potential Offerors	N/A
Answers to Potential Offeror questions posted to the DGS website ( <a href="http://www.dgsweb.state.pa.us/RTA/Search.aspx">http://www.dgsweb.state.pa.us/RTA/Search.aspx</a> ) no later than this date.	Issuing Office	5/15/2015
Please monitor website for all communications regarding the RFP.	Potential Offerors	
Sealed proposal must be received by the Issuing Office at <b>State Employees' Retirement System</b> <b>Attn: Joshua D. Smith</b> <b>30 North Third Street, Suite 150</b> <b>Harrisburg, PA 17101-1716</b>	Offerors	May 22, 2015 4:30 PM EST

## PART I

### GENERAL INFORMATION

**I-1. Purpose.** This request for proposals (RFP) provides to those interested in submitting proposals for the subject procurement ("Offerors") sufficient information to enable them to prepare and submit proposals for the State Employees' Retirement System's consideration on behalf of the Commonwealth of Pennsylvania ("Commonwealth") to satisfy a need for **Proxy Voting Services** ("Project").

**I-2. Issuing Office.** The **State Employees' Retirement System (SERS)** ("Issuing Office") has issued this RFP on behalf of the Commonwealth. The sole point of contact in the Commonwealth for this RFP shall be **Joshua D. Smith, 30 North Third Street, Suite 150, Harrisburg, PA 17101-1716, smjoshua@pa.gov**, the Issuing Officer for this RFP. Please refer all inquiries to the Issuing Officer.

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

**I-4. Problem Statement.** SERS' objective is to successfully appoint an Offeror capable of providing an entire suite of services relating to proxy voting services, including but not limited to: proxy voting policy development, voting recommendations, vote execution, voting reporting, voting disclosure, and web-site maintenance. The current vendor's agreement is set to expire on September 30, 2015 and SERS' objective is to have an agreement in place before the expiration date. Additional detail is provided in **Part IV** of this RFP.

**I-5. Type of Contract.** It is proposed that if the Issuing Office enters into a contract as a result of this RFP, it will be firm, fixed price contract containing the Standard Contract Terms and Conditions as shown in **Part V** and available at **www.dgs.state.pa.us**. The Issuing Office, in its sole discretion, may undertake negotiations with Offerors whose proposals, in the judgment of the Issuing Office, show them to be qualified, responsible and capable of performing the Project.

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

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

**I-8. Pre-Proposal Conference.** There will be no Pre-Proposal Conference for this RFP. If there are any questions, please forward them to the Issuing Officer in accordance with **Section I-9**.

**I-9. Questions & Answers.** If an Offeror has any questions regarding this RFP, the Offeror must submit the questions by email (**with the subject line "SERS RFP 2015-011 Question"**) to the Issuing Officer named in **Part I, Section I-2** of the RFP. If the Offeror has questions, they must be submitted via email **no later than** the date indicated on the Calendar of Events. The Offeror shall not attempt to contact the Issuing Officer by any other means. The Issuing Officer shall post the answers to the questions on the DGS website by the date stated on the Calendar of Events. An Offeror who submits a question *after* the deadline date for receipt of questions indicated on the Calendar of Events assumes the risk that its proposal will not be responsive or competitive because the Commonwealth is not able to respond before the proposal receipt date or in sufficient time for the Offeror to prepare a responsive or competitive proposal. When submitted after the deadline date for receipt of questions indicated on the Calendar of Events, the Issuing Officer *may* respond to questions of an administrative nature by directing the questioning Offeror to specific provisions in the RFP. To the extent that the Issuing Office decides to respond to a non-administrative question *after* the deadline date for receipt of questions indicated on the Calendar of Events, the answer must be provided to all Offerors through an addendum.

All questions and responses as posted on the DGS website are considered as an addendum to, and part of, this RFP in accordance with RFP **Part I, Section I-10**. Each Offeror shall be responsible to monitor the DGS website for new or revised RFP information. The Issuing Office shall not be bound by any verbal information nor shall it be bound by any written information that is not either contained within the RFP or formally issued as an addendum by the Issuing Office. The Issuing Office does not consider questions to be a protest of the specifications or of the solicitation. The required protest process for Commonwealth procurements is described on the DGS website.

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

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

**I-12. Proposals.** To be considered, Offerors should submit a complete response to this RFP to the Issuing Office, using the format provided in **Part II**, providing **eight (8) paper copies [one marked "ORIGINAL"]** of the Technical Submittal and one (1) paper copy of the Cost

**Submittal and two (2) paper copies of the Small Diverse Business (SDB) participation submittal.** In addition to the paper copies of the proposal, Offerors shall submit two (2) **complete and exact** copies of the entire proposal (Technical, Cost and SDB submittals, along with all requested documents) on CD-ROM or Flash drive in Microsoft Office or Microsoft Office-compatible format. The electronic copy must be a mirror image of the paper copy and any spreadsheets must be in Microsoft Excel. The Offerors may not lock or protect any cells or tabs. Offerors should ensure that there is no costing information in the technical submittal. Offerors should not reiterate technical information in the cost submittal. The CD or Flash drive should clearly identify the Offeror and include the name and version number of the virus scanning software that was used to scan the CD or Flash drive before it was submitted. The Offeror shall make no other distribution of its proposal to any other Offeror or Commonwealth official or Commonwealth consultant. Each proposal page should be numbered for ease of reference. An official authorized to bind the Offeror to its provisions must sign the proposal. If the official signs the **Proposal Cover Sheet (Appendix A to this RFP)** and the Proposal Cover Sheet is attached to the Offeror's proposal, the requirement will be met. For this RFP, the proposal must remain valid for **120 days** or until a contract is fully executed. If the Issuing Office selects the Offeror's proposal for award, the contents of the selected Offeror's proposal will become, except to the extent the contents are changed through Best and Final Offers or negotiations, contractual obligations.

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

**I-13. Small Diverse Business Information.** The Issuing Office encourages participation by small diverse businesses as prime contractors, and encourages all prime contractors to make a significant commitment to use small diverse businesses as subcontractors and suppliers.

A Small Diverse Business is a DGS-verified minority-owned business, woman-owned business, veteran-owned business or service-disabled veteran-owned business.

A small business is a business in the United States which is independently owned, not dominant in its field of operation, employs no more than 100 full-time or full-time equivalent employees, and earns less than \$7 million in gross annual revenues for building design, \$20 million in gross annual revenues for sales and services and \$25 million in gross annual revenues for those businesses in the information technology sales or service business.

Questions regarding this Program can be directed to:

Department of General Services  
Bureau of Small Business Opportunities



Room 611, North Office Building  
Harrisburg, PA 17125  
Phone: (717) 783-3119  
Fax: (717) 787-7052  
Email: [gs-bsbo@pa.gov](mailto:gs-bsbo@pa.gov)  
Website: [www.dgs.pa.gov](http://www.dgs.pa.gov)

The Department's directory of BSBO-verified minority, women, veteran and service disabled veteran-owned businesses can be accessed from: [Searching for Small Diverse Businesses](#).

**I-14. Economy of Preparation.** Offerors should prepare proposals simply and economically, providing a straightforward, concise description of the Offeror's ability to meet the requirements of the RFP.

**I-15. Alternate Proposals.** The Issuing Office has identified the basic approach to meeting its requirements, allowing Offerors to be creative and propose their best solution to meeting these requirements. The Issuing Office will not accept alternate proposals.

**I-16. Discussions for Clarification.** Offerors may be required to make an oral or written clarification of their proposals to the Issuing Office to ensure thorough mutual understanding and Offeror responsiveness to the solicitation requirements. The Issuing Office will initiate requests for clarification. Clarifications may occur at any stage of the evaluation and selection process prior to contract execution.

**I-17. Prime Contractor Responsibilities.** The contract will require the selected Offeror to assume responsibility for all services offered in its proposal whether it produces them itself or by subcontract. The Issuing Office will consider the selected Offeror to be the sole point of contact with regard to contractual matters.

**I-18. Proposal Contents.**

- A. Confidential Information. The Commonwealth is not requesting, and does not require, confidential proprietary information or trade secrets to be included as part of Offerors' submissions in order to evaluate proposals submitted in response to this RFP. Accordingly, except as provided herein, Offerors should not label proposal submissions as confidential or proprietary or trade secret protected. Any Offeror who determines that it must divulge such information as part of its proposal must submit the signed written statement described in subsection C below and must additionally provide a redacted version of its proposal, which removes only the confidential proprietary information and trade secrets, for required public disclosure purposes.
- B. Commonwealth Use. All material submitted with the proposal shall be considered the property of the Commonwealth of Pennsylvania and may be returned only at the Issuing Office's option. The Commonwealth has the right to use any or all ideas not protected by intellectual property rights that are presented in any proposal regardless of whether the proposal becomes part of a contract. Notwithstanding any Offeror copyright designations

contained on proposals, the Commonwealth shall have the right to make copies and distribute proposals internally and to comply with public record or other disclosure requirements under the provisions of any Commonwealth or United States statute or regulation, or rule or order of any court of competent jurisdiction.

- C. **Public Disclosure.** After the award of a contract pursuant to this RFP, all proposal submissions are subject to disclosure in response to a request for public records made under the Pennsylvania Right-to-Know-Law, 65 P.S. § 67.101, et seq. If a proposal submission contains confidential proprietary information or trade secrets, a signed written statement to this effect must be provided with the submission in accordance with 65 P.S. § 67.707(b) for the information to be considered exempt under 65 P.S. § 67.708(b)(11) from public records requests. Refer to **Appendix B – Trade Secret/Confidential Proprietary Information Notice Form** of the RFP for a Trade Secret/Confidential Proprietary Information Notice Form that may be utilized as the signed written statement, if applicable. If financial capability information is submitted in response to Part II of this RFP such financial capability information is exempt from public records disclosure under 65 P.S. § 67.708(b)(26).

**I-19. Best and Final Offers.**

- A. While not required, the Issuing Office reserves the right to conduct discussions with Offerors for the purpose of obtaining “best and final offers.” To obtain best and final offers from Offerors, the Issuing Office may do one or more of the following, in any combination and order:
1. Schedule oral presentations;
  2. Request revised proposals;
  3. Conduct a reverse online auction; and
  4. Enter into pre-selection negotiations.
- B. The following Offerors will **not** be invited by the Issuing Office to submit a Best and Final Offer:
1. Those Offerors, which the Issuing Office has determined to be not responsible or whose proposals the Issuing Office has determined to be not responsive.
  2. Those Offerors, which the Issuing Office has determined in accordance with **Part III, Section III-5**, from the submitted and gathered financial and other information, do not possess the financial capability, experience or qualifications to assure good faith performance of the contract.
  3. Those Offerors whose score for their technical submittal of the proposal is less than 70% of the total amount of technical points allotted to the technical criterion.

The issuing office may further limit participation in the best and final offers process to those remaining responsible offerors which the Issuing Office has, within its discretion, determined to be within the top competitive range of responsive proposals.

- C. The Evaluation Criteria found in **Part III, Section III-4**, shall also be used to evaluate the Best and Final offers.
- D. Price reductions offered through any reverse online auction shall have no effect upon the Offeror's Technical Submittal. Dollar commitments to Small Diverse Businesses can be reduced only in the same percentage as the percent reduction in the total price offered through any reverse online auction or negotiations.

**I-20. News Releases.** Offerors shall not issue news releases, Internet postings, advertisements or any other public communications pertaining to this Project without prior written approval of the Issuing Office, and then only in coordination with the Issuing Office.

**I-21. Restriction of Contact.** From the issue date of this RFP until the Issuing Office selects a proposal for award, the Issuing Officer is the sole point of contact concerning this RFP. Any violation of this condition may be cause for the Issuing Office to reject the offending Offeror's proposal. If the Issuing Office later discovers that the Offeror has engaged in any violations of this condition, the Issuing Office may reject the offending Offeror's proposal or rescind its contract award. Offerors must agree not to distribute any part of their proposals beyond the Issuing Office. An Offeror who shares information contained in its proposal with other Commonwealth personnel and/or competing Offeror personnel may be disqualified.

**I-22. Issuing Office Participation.** Offerors shall provide all services, supplies, facilities, and other support necessary to complete the identified work, except as otherwise provided in this **Part I, Section I-22**. The Issuing Office will provide oversight to ensure that all aspects of any contract that may be entered into are satisfactorily performed. The Offeror is responsible for identifying, in the proposal, all personnel and other needs the Offeror anticipates will be provided by the Commonwealth. Needs not specified will be assumed to be the responsibility of the Offeror. The Commonwealth will not provide office space or reproduction facilities. Training rooms will be made available based on availability and should be scheduled at minimum two weeks in advance. However, the Offeror may be required to coordinate start-up and transition activities with the current Contractor in order to ensure a seamless transition. Each Offeror's proposal should contain a detailed description of how they will address this issue.

**I-23. Term of Contract.** The term of the contract will commence on the Effective Date and will end **three (3) years after commencement, with two (2) one-year renewal options**. The Issuing Office will fix the Effective Date after the contract has been fully executed by the selected Offeror and by the Commonwealth and all approvals required by Commonwealth contracting procedures have been obtained. The selected Offeror shall not start the performance of any work prior to the Effective Date of the contract and the Commonwealth shall not be liable to pay the selected Offeror for any service or work performed or expenses incurred before the Effective Date of the contract.

**I-24. Offeror's Representations and Authorizations.** By submitting its proposal, each Offeror understands, represents, and acknowledges that:

- A. All of the Offeror's information and representations in the proposal are material and important, and the Issuing Office may rely upon the contents of the proposal in awarding the contract(s). The Commonwealth shall treat any misstatement, omission or misrepresentation as fraudulent concealment of the true facts relating to the Proposal submission, punishable pursuant to 18 Pa. C.S. § 4904.
- B. The Offeror has arrived at the price(s) and amounts in its proposal independently and without consultation, communication, or agreement with any other Offeror or potential offeror.
- C. The Offeror has not disclosed the price(s), the amount of the proposal, nor the approximate price(s) or amount(s) of its proposal to any other firm or person who is an Offeror or potential offeror for this RFP, and the Offeror shall not disclose any of these items on or before the proposal submission deadline specified in the Calendar of Events of this RFP.
- D. The Offeror has not attempted, nor will it attempt, to induce any firm or person to refrain from submitting a proposal on this contract, or to submit a proposal higher than this proposal, or to submit any intentionally high or noncompetitive proposal or other form of complementary proposal.
- E. The Offeror makes its proposal in good faith and not pursuant to any agreement or discussion with, or inducement from, any firm or person to submit a complementary or other noncompetitive proposal.
- F. To the best knowledge of the person signing the proposal for the Offeror, the Offeror, its affiliates, subsidiaries, officers, directors, and employees are not currently under investigation by any governmental agency and have not in the last **four** years been convicted or found liable for any act prohibited by State or Federal law in any jurisdiction, involving conspiracy or collusion with respect to bidding or proposing on any public contract, except as the Offeror has disclosed in its proposal.
- G. To the best of the knowledge of the person signing the proposal for the Offeror and except as the Offeror has otherwise disclosed in its proposal, the Offeror has no outstanding, delinquent obligations to the Commonwealth including, but not limited to, any state tax liability not being contested on appeal or other obligation of the Offeror that is owed to the Commonwealth.
- H. The Offeror is not currently under suspension or debarment by the Commonwealth, any other state or the federal government, and if the Offeror cannot so certify, then it shall submit along with its proposal a written explanation of why it cannot make such certification.

- I. The Offeror has not made, under separate contract with the Issuing Office, any recommendations to the Issuing Office concerning the need for the services described in its proposal or the specifications for the services described in the proposal.
- J. Each Offeror, by submitting its proposal, authorizes Commonwealth agencies to release to the Commonwealth information concerning the Offeror's Pennsylvania taxes, unemployment compensation and workers' compensation liabilities.
- K. Until the selected Offeror receives a fully executed and approved written contract from the Issuing Office, there is no legal and valid contract, in law or in equity, and the Offeror shall not begin to perform.

**I-25. Notification of Selection.**

- A. **Contract Negotiations.** The Issuing Office will notify all Offerors in writing of the Offeror selected for contract negotiations after the Issuing Office has determined, taking into consideration all of the evaluation factors, the proposal that is the most advantageous to the Issuing Office.
- B. **Award.** Offerors whose proposals are not selected will be notified when contract negotiations have been successfully completed and the Issuing Office has received the final negotiated contract signed by the selected Offeror.

**I-26. Debriefing Conferences.** Upon notification of award, Offerors whose proposals were not selected will be given the opportunity to be debriefed. The Issuing Office will schedule the debriefing at a mutually agreeable time. The debriefing will not compare the Offeror with other Offerors, other than the position of the Offeror's proposal in relation to all other Offeror proposals. An Offeror's exercise of the opportunity to be debriefed does not constitute nor toll the time for filing a protest (See Section I-27 of this RFP).

**I-27. RFP Protest Procedure.** The RFP Protest Procedure is on the DGS website at <http://www.dgs.pa.gov/Businesses/Materials%20and%20Services%20Procurement/Supplier%20Service%20Center/Pages/default.aspx>. A protest by a party not submitting a proposal must be filed within **seven** days after the protesting party knew or should have known of the facts giving rise to the protest, but no later than the proposal submission deadline specified in the Calendar of Events of the RFP. Offerors may file a protest within **seven** days after the protesting Offeror knew or should have known of the facts giving rise to the protest, but in no event may an Offeror file a protest later than **seven** days after the date the notice of award of the contract is posted on the DGS website. The date of filing is the date of receipt of the protest. A protest must be filed in writing with the Issuing Office. To be timely, the protest must be received by 4:00 p.m. on the seventh day.

**I-28. Use of Electronic Versions of this RFP.** This RFP is being made available by electronic means. If an Offeror electronically accepts the RFP, the Offeror acknowledges and accepts full responsibility to insure that no changes are made to the RFP. In the event of a conflict between a

version of the RFP in the Offeror's possession and the Issuing Office's version of the RFP, the Issuing Office's version shall govern.

**I-29. Information Technology Bulletins.** This RFP is subject to the Information Technology Bulletins (ITB's) issued by the Office of Administration, Office for Information Technology (OA-OIT). ITB's may be found at <http://www.portal.state.pa.us/portal/server.pt?open=512&objID=416&PageID=210791&mode=2>

All proposals must be submitted on the basis that all ITBs are applicable to this procurement. It is the responsibility of the Offeror to read and be familiar with the ITBs. Notwithstanding the foregoing, if the Offeror believes that any ITB is not applicable to this procurement, it must list all such ITBs in its technical submittal, and explain why it believes the ITB is not applicable. The Issuing Office may, in its sole discretion, accept or reject any request that an ITB not be considered to be applicable to the procurement. The Offeror's failure to list an ITB will result in its waiving its right to do so later, unless the Issuing Office, in its sole discretion, determines that it would be in the best interest of the Commonwealth to waive the pertinent ITB.

## PART II

### PROPOSAL REQUIREMENTS

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

- A. Technical Submittal, which shall be a response to RFP **Part II, Sections II-1 through II-8**;
- B. Small Diverse Business participation submittal, in response to RFP **Part II, Section II-9**; and
- C. Cost Submittal, in response to RFP **Part II, Section II-10**.

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

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

**II-1. Statement of the Problem.** State in succinct terms your understanding of the problem presented or the service required by this RFP.

**II-2. Management Summary.** Include a narrative description of the proposed effort and a list of the items to be delivered or services to be provided.

**II-3. Work Plan.** Describe in narrative form your technical plan for accomplishing the work. Use the task descriptions in **Part IV** of this RFP as your reference point. Modifications of the task descriptions are permitted; however, reasons for changes should be fully explained. Indicate the number of person hours allocated to each task. Include a Program Evaluation and Review Technique (PERT) or similar type display, time related, showing each event. If more than one approach is apparent, comment on why you chose this approach.

**II-4. Prior Experience.** Include and describe experience of five years or more in the development and managing of proxy voting services. 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 must 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.

**II-5. Personnel.** Include the number of executive and professional personnel, analysts, auditors, researchers, programmers, consultants, etc., who will be engaged in the work, including a designated person (team) within the organization to serve as a liaison to the SERS account. Show where these personnel will be physically located during the time they are engaged in the Project. For key personnel, include the employee's name and, through a resume or similar document, the Project personnel's education and experience in proxy voting services. Indicate the responsibilities each individual will have in this Project and how long each has been with your company. Identify by name any subcontractors you intend to use and the services they will perform.

**II-6. Training.** If appropriate, indicate recommended training of agency personnel. Include the agency personnel to be trained, the number to be trained, duration of the program, place of training, curricula, training materials to be used, number and frequency of sessions, and number and level of instructors.

**II-7. Financial Capability.** Describe your company's financial stability and economic capability to perform the contract requirements. Provide your company's financial statements (audited, if available) for the past three fiscal years. Financial statements must include the company's Balance Sheet and Income Statement or Profit/Loss Statements. Also include a Dun & Bradstreet comprehensive report, if available. Describe your company's legal entity, a complete description of all your owners and an ownership chart. Provide similar information for any legal entities that your company may own. If your company is a publicly traded company, please provide a link to your financial records on your company website in lieu of providing hardcopies. The Commonwealth reserves the right to request additional information it deems necessary to evaluate an Offeror's financial capability.

**II-8. Objections and Additions to Standard Contract Terms and Conditions.** The Offeror will identify, in clear and explanatory narrative terms which, if any, of the terms and conditions (contained in **Part V**) it would like to negotiate and what additional terms and conditions the Offeror would like to add to the standard contract terms and conditions. The Offeror's failure to make a submission under this paragraph will result in its waiving its right to do so later, but the Issuing Office may consider late objections and requests for additions if to do so, in the Issuing Office's sole discretion, would be in the best interest of the Commonwealth. The Issuing Office may, in its sole discretion, accept or reject any requested changes to the standard contract terms and conditions. The Offeror shall not request changes to the other provisions of the RFP, nor shall the Offeror request to completely substitute its own terms and conditions for **Part V**. All terms and conditions must appear in one integrated contract. The Issuing Office will not accept references to the Offeror's, or any other, online guides or online terms and conditions contained in any proposal.



Regardless of any objections set out in its proposal, the Offeror must submit its proposal, including the cost proposal, on the basis of the terms and conditions set out in **Part V**. The Issuing Office will reject any proposal that is conditioned on the negotiation of the terms and conditions set out in **Part V** or to other provisions of the RFP as specifically identified above.

#### **II-9. Small Diverse Business Participation Submittal.**

- A. To receive credit for being a Small Diverse Business or for subcontracting with a Small Diverse Business (including purchasing supplies and/or services through a purchase agreement), an Offeror must include proof of Small Diverse Business qualification in the Small Diverse Business participation submittal of the proposal, as indicated below:

A Small Diverse Business verified by BSBO as a Small Diverse Business must provide a photocopy of their verification letter.

- B. In addition to the above verification letter, the Offeror must include in the Small Diverse Business participation submittal of the proposal the following information:

1. *All* Offerors must include a numerical percentage which represents the total percentage of the work (as a percentage of the total cost in the Cost Submittal) to be performed by the Offeror and not by subcontractors and suppliers.
2. *All* Offerors must include a numerical percentage which represents the total percentage of the total cost in the Cost Submittal that the Offeror commits to paying to Small Diverse Businesses (SDBs) as subcontractors. To support its total percentage SDB subcontractor commitment, Offeror must also include:
  - a) The percentage and dollar amount of each subcontract commitment to a Small Diverse Business;
  - b) The name of each Small Diverse Business. The Offeror will not receive credit for stating that after the contract is awarded it will find a Small Diverse Business.
  - c) The services or supplies each Small Diverse Business will provide, including the timeframe for providing the services or supplies.
  - d) The location where each Small Diverse Business will perform services.
  - e) The timeframe for each Small Diverse Business to provide or deliver the goods or services.
  - f) A subcontract or letter of intent signed by the Offeror and the Small Diverse Business (SDB) for each SDB identified in the SDB Submittal. The subcontract or letter of intent must identify the specific work, goods or services the SDB will perform, how the work, goods or services relates to the project, and the specific timeframe during the term of the contract and any option/renewal periods when the work, goods or services will be performed or provided. In addition, the subcontract or letter of intent must identify the fixed percentage commitment and associated estimated dollar value that each

SDB will receive based on the total value of the initial term of the contract as provided in the Offeror's Cost Submittal. Attached is **Appendix C, Small Diverse Business Letter of Intent**, containing a letter of intent template which may be used to satisfy these requirements.

- g) The name, address and telephone number of the primary contact person for each Small Diverse Business.
- 3. The total percentages and each SDB subcontractor commitment will become contractual obligations once the contract is fully executed.
- 4. The name and telephone number of the Offeror's project (contact) person for the Small Diverse Business information.
- C. The Offeror is required to submit **two** copies of its Small Diverse Business participation submittal. The submittal shall be clearly identified as Small Diverse Business information and sealed in its own envelope, separate from the remainder of the proposal.
- D. A Small Diverse Business can be included as a subcontractor with as many prime contractors as it chooses in separate proposals.
- E. An Offeror that qualifies as a Small Diverse Business and submits a proposal as a prime contractor is not prohibited from being included as a subcontractor in separate proposals submitted by other Offerors.

**II-10. Cost Submittal.** The information requested in this **Part II, Section II-10** shall constitute the Cost Submittal. The Cost Submittal shall be placed in a separate sealed envelope within the sealed proposal, separated from the technical submittal. **Appendix D, Cost Submittal** shall constitute the Cost Submittal for which the Offeror plans to submit a proposal. Offerors should **not** include any assumptions in their cost submittals. If the Offeror includes assumptions in its cost submittal, the Issuing Office may reject the proposal. Offerors should direct in writing to the Issuing Office pursuant to **Part I, Section I-9**, of this RFP any questions about whether a cost or other component is included or applies. All Offerors will then have the benefit of the Issuing Office's written answer so that all proposals are submitted on the same basis.

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

**II-11. Domestic Workforce Utilization Certification.** Complete and sign the Domestic Workforce Utilization Certification contained in **Appendix E – Domestic Workforce Utilization Certification** of this RFP. Offerors who seek consideration for this criterion must submit in hardcopy the signed Domestic Workforce Utilization Certification Form in the same sealed envelope with the Technical Submittal.

## PART III

### CRITERIA FOR SELECTION

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

- A. Be timely received from an Offeror; and
- B. Be properly signed by the Offeror.

**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 Commonwealth 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 an Offeror's proposal, (2) allow the Offeror to cure the nonconformity, or (3) consider the nonconformity in the scoring of the Offeror's proposal.

**III-3. Evaluation.** The Issuing Office has selected a committee of qualified personnel to review and evaluate timely submitted proposals. Independent of the committee, BSBO will evaluate the Small Diverse Business participation submittal and provide the Issuing Office with a rating for this component of each proposal. The Issuing Office will notify in writing of its selection for negotiation the responsible Offeror whose proposal is determined to be the most advantageous to the Commonwealth as determined by the Issuing Office after taking into consideration all of the evaluation factors.

**III-4. Evaluation Criteria.** The following criteria will be used in evaluating each proposal:

- A. **Technical:** The Issuing Office has established the weight for the Technical criterion for this RFP as **50%** of the total points. Evaluation will be based upon the following in order of importance: **Understanding the Problem, Soundness of Approach, Offeror Qualifications, Personnel Qualifications.** The final Technical scores are determined by giving the maximum number of technical points available to the proposal with the highest raw technical score. The remaining proposals are rated by applying the Technical Scoring Formula set forth at the following webpage: [http://www.portal.state.pa.us/portal/server.pt/community/rfp\\_scoring\\_formulas\\_overview/20124](http://www.portal.state.pa.us/portal/server.pt/community/rfp_scoring_formulas_overview/20124).
- B. **Cost:** The Issuing Office has established the weight for the Cost criterion for this RFP as **30%** of the total points. The cost criterion is rated by giving the proposal with the lowest total cost the maximum number of Cost points available. The remaining proposals are rated by applying the Cost Formula set forth at the following webpage: [http://www.portal.state.pa.us/portal/server.pt/community/rfp\\_scoring\\_formulas\\_overview/20124](http://www.portal.state.pa.us/portal/server.pt/community/rfp_scoring_formulas_overview/20124)

**C. Small Diverse Business Participation:**

BSBO has established the weight for the Small Diverse Business (SDB) participation criterion for this RFP as 20% of the total points. Each SDB participation submittal will be rated for its approach to enhancing the utilization of SDBs in accordance with the below-listed priority ranking and subject to the following requirements:

1. A business submitting a proposal as a prime contractor must perform 60% of the total contract value to receive points for this criterion under any priority ranking.
2. To receive credit for an SDB subcontracting commitment, the SDB subcontractor must perform at least fifty percent (50%) of the work subcontracted to it.
3. A significant subcontracting commitment is a minimum of five percent (5%) of the total contract value.
4. A subcontracting commitment less than five percent (5%) of the total contract value is considered nominal and will receive reduced or no additional SDB points depending on the priority ranking.

**Priority Rank 1:** Proposals submitted by SDBs as prime offerors will receive 150 points. In addition, SDB prime offerors that have significant subcontracting commitments to additional SDBs may receive up to an additional 50 points (200 points total available).

Subcontracting commitments to additional SDBs are evaluated based on the proposal offering the highest total percentage SDB subcontracting commitment. All other Offerors will be scored in proportion to the highest total percentage SDB subcontracting commitment within this ranking. *See formula below.*

**Priority Rank 2:** Proposals submitted by SDBs as prime contractors, with no or nominal subcontracting commitments to additional SDBs, will receive 150 points.

**Priority Rank 3:** Proposals submitted by non-small diverse businesses as prime contractors, with significant subcontracting commitments to SDBs, will receive up to 100 points. Proposals submitted with nominal subcontracting commitments to SDBs will receive points equal to the percentage level of their total SDB subcontracting commitment.

SDB subcontracting commitments are evaluated based on the proposal offering the highest total percentage SDB subcontracting commitment. All other Offerors will be scored in proportion to the highest total percentage SDB subcontracting commitment within this ranking. *See formula below.*

**Priority Rank 4:** Proposals by non-small diverse businesses as prime contractors with no SDB subcontracting commitments shall receive no points under this criterion.

To the extent that there are multiple SDB Participation submittals in Priority Rank 1 and/or Priority Rank 3 that offer significant subcontracting commitments to SDBs, the proposal offering the highest total percentage SDB subcontracting commitment shall receive the highest score (or additional points) available in that Priority Rank category and the other proposal(s) in that category shall be scored in proportion to the highest total percentage SDB subcontracting commitment. Proportional scoring is determined by applying the following formula:

$$\frac{\text{SDB \% Being Scored}}{\text{Highest \% SDB Commitment}} \times \frac{\text{Points/Additional Points Available}^*}{\text{Points Available}^*} = \frac{\text{Awarded/Additional SDB Points}}{\text{SDB Points}}$$

*Priority Rank 1 = 50 Additional Points Available*  
*Priority Rank 3 = 100 Total Points Available*

Please refer to the following webpage for an illustrative chart which shows SDB scoring based on a hypothetical situation in which the Commonwealth receives proposals for each Priority Rank:

[http://www.portal.state.pa.us/portal/server.pt/community/rfp\\_scoring\\_formulas\\_overview/20124](http://www.portal.state.pa.us/portal/server.pt/community/rfp_scoring_formulas_overview/20124)

- D. Domestic Workforce Utilization:** Any points received for the Domestic Workforce Utilization criterion are bonus points in addition to the total points for this RFP. The maximum amount of bonus points available for this criterion is 3% of the total points for this RFP.

To the extent permitted by the laws and treaties of the United States, each proposal will be scored for its commitment to use domestic workforce in the fulfillment of the contract. Maximum consideration will be given to those Offerors who will perform the contracted direct labor exclusively within the geographical boundaries of the United States or within the geographical boundaries of a country that is a party to the World Trade Organization Government Procurement Agreement. Those who propose to perform a portion of the direct labor outside of the United States and not within the geographical boundaries of a party to the World Trade Organization Government Procurement Agreement will receive a correspondingly smaller score for this criterion. See the following webpage for the Domestic Workforce Utilization Formula:

[http://www.portal.state.pa.us/portal/server.pt/community/rfp\\_scoring\\_formulas\\_overview/20124](http://www.portal.state.pa.us/portal/server.pt/community/rfp_scoring_formulas_overview/20124). Offerors who seek consideration for this criterion must submit in hardcopy the signed Domestic Workforce Utilization Certification Form in the same sealed envelope with the Technical Submittal. The certification will be included as a contractual obligation when the contract is executed.

**III-5. Offeror Responsibility.** To be responsible, an Offeror must submit a responsive proposal and possess the capability to fully perform the contract requirements in all respects and the integrity and reliability to assure good faith performance of the contract.

In order for an Offeror to be considered responsible for this RFP and therefore eligible for selection for best and final offers or selection for contract negotiations:

- A. The total score for the technical submittal of the Offeror's proposal must be greater than or equal to **70% of the available technical points; and**
- B. The Offeror's financial information must demonstrate that the Offeror possesses the financial capability to assure good faith performance of the contract. The Issuing Office will review the Offeror's previous three financial statements, any additional information received from the Offeror, and any other publicly-available financial information concerning the Offeror, and assess each Offeror's financial capacity based on calculating and analyzing various financial ratios, and comparison with industry standards and trends.

An Offeror which fails to demonstrate sufficient financial capability to assure good faith performance of the contract as specified herein may be considered by the Issuing Office, in its sole discretion, for Best and Final Offers or contract negotiation contingent upon such Offeror providing contract performance security for the first contract year cost proposed by the Offeror in a form acceptable to the Issuing Office. Based on the financial condition of the Offeror, the Issuing Office may require a certified or bank (cashier's) check, letter of credit, or a performance bond conditioned upon the faithful performance of the contract by the Offeror. The required performance security must be issued or executed by a bank or surety company authorized to do business in the Commonwealth. The cost of the required performance security will be the sole responsibility of the Offeror and cannot increase the Offeror's cost proposal or the contract cost to the Commonwealth.

Further, the Issuing Office will award a contract only to an Offeror determined to be responsible in accordance with the most current version of Commonwealth Management Directive 215.9, Contractor Responsibility Program.

### **III-6. Final Ranking and Award.**

- A. After any best and final offer process conducted, the Issuing Office will combine the evaluation committee's final technical scores, BSBO's final small diverse business participation scores, the final cost scores, and (when applicable) the domestic workforce utilization scores, in accordance with the relative weights assigned to these areas as set forth in this Part.
- B. The Issuing Office will rank responsible offerors according to the total overall score assigned to each, in descending order.
- C. The Issuing Office must select for contract negotiations the offeror with the highest overall score; PROVIDED, HOWEVER, THAT AN AWARD WILL NOT BE MADE TO AN OFFEROR WHOSE PROPOSAL RECEIVED THE LOWEST TECHNICAL SCORE AND HAD THE LOWEST COST SCORE OF THE RESPONSIVE

PROPOSALS RECEIVED FROM RESPONSIBLE OFFERORS. IN THE EVENT SUCH A PROPOSAL ACHIEVES THE HIGHEST OVERALL SCORE, IT SHALL BE ELIMINATED FROM CONSIDERATION AND AWARD SHALL BE MADE TO THE OFFEROR WITH THE NEXT HIGHEST OVERALL SCORE.

- D. The Issuing Office has the discretion to reject all proposals or cancel the request for proposals, at any time prior to the time a contract is fully executed, when it is in the best interests of the Commonwealth. The reasons for the rejection or cancellation shall be made part of the contract file.

## PART IV

### WORK STATEMENT

#### IV-1. Objectives.

**General.** SERS' objective is to successfully appoint an Offeror capable of providing an entire suite of services relating to proxy voting services, including but not limited to: proxy voting policy development, voting recommendations, vote execution, voting reporting, voting disclosure, and web-site maintenance. The current vendor's agreement is set to expire on September 30, 2015 and SERS' objective is to have an agreement in place before the expiration date.

#### IV-2. SERS Background

Established in 1923, SERS is one of the nation's oldest and largest statewide retirement plans for public employees with net assets of approximately twenty-eight billion dollars. Our members number more than 227,000, including more than 107,000 active employees. We are a long-term investor largely as a result of our long-term obligations and investment horizon. As a result, we have been a long-time proponent of good corporate governance.

Corporate Governance and proxy voting are considered part of the Board's fiduciary duties. Although SERS is not governed by Employee Retirement Income Security Act (ERISA) rules, the U.S. Department of Labor has opined that corporate proxies are assets of the Fund and must be voted in the best interests of members and beneficiaries. To meet this fiduciary standard SERS has developed a proxy voting process that improves corporate governance and enhances the likelihood of improved financial performance by the Fund. More information about the Proxy Voting Policy of SERS for both U.S. Voting and International Voting may be found on the following website and is incorporated herein: [http://www.sers.pa.gov/investments\\_proxy.aspx](http://www.sers.pa.gov/investments_proxy.aspx).

Historical data listed below is for illustrative purposes intended to be representative of the volume of votes/meetings reviewed and processed by the current provider.

	US Meetings	Global Meetings	US Ballots	Global Ballots	Accounts
2010	2754	527	4545	554	22
2011	2586	523	3767	576	17
2012	1075	352	1278	392	22
2013	1071	464	1387	507	24
YTD 2014 (through 12/31/2014)	1122	1554	1481	1774	22



### **IV-3. Requirements.**

#### **A. Emergency Preparedness.**

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

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

### **IV-4. Tasks.**

Provide an entire suite of services and work independently on behalf of SERS, and together with SERS staff, in a fiduciary capacity. Describe in narrative form your work plan for accomplishing the following identified tasks. A plan for the each component listed below, including personnel who will be involved, if necessary, for each tasks of the plan is to be produced.

- A. Proxy voting policy development. Provide an annual review and update of SERS' Customized Domestic and International Proxy Policy given current conditions in the corporate governance landscape and ascertain the appropriateness of the current policy for SERS;
- B. Customized voting recommendations based on SERS' proxy voting guidelines. Note that any proposal must customize its offering in conformance with the Board proxy policy listed in **Part IV-2**;
- C. Detailed analysis of company specific information to assist SERS in unusual situations that are not covered by SERS' voting policies (e.g. analysis of proposed mergers or acquisitions of Pennsylvania-based companies);
- D. Timely vote execution by monitoring meeting schedules and agendas;
- E. Advise SERS of the trends and significant events affecting corporate governance issues and provide SERS access to any conference calls and/or web-casts that might provide timely information on issues of concern regarding proxy voting and corporate governance;
- F. Assist SERS staff in the preparation of responses to questions proposed by constituents on proxy voting and corporate governance issues;
- G. Accurate record keeping and oversight of voting activity by maintaining detailed records of all recommended and actual votes, as well as any special instructions related to specific securities. Provide comprehensive electronic proxy voting reports of data as requested, but at a minimum, be provided on a quarterly basis. An example of the comprehensive reporting is provided in **Appendix F – Vote Summary Report**;
- H. Coordinate with SERS' custodians and external advisors on administrative issues including but not limited to Proxy Voting Power of Attorney, new account set-up and maintenance, and holdings reports;
- I. Maintain and host SERS' Voting and Disclosure website with up to date information keeping our constituents informed of SERS' current Proxy Voting Policies as well as votes cast all the while maintaining the integrity of and SERS' ownership of all data on its Voting and Disclosure website, which includes providing the following specifications and have the ability to export upon request:
  - a. Current board-approved Proxy Voting policies;
  - b. Searching the Proxy Voting website by company name; and
  - c. Showing results, per company, how SERS proxies were voted for each individual agenda item, indicating management's vote recommendation as well as how SERS voted.
- J. Provide a seamless transition from the current Contractor. Indicate in detail projected timeframes for transfer and if it requires an extension of the current contract (not

exceeding no more than 90 days from the end date of the current agreement) in order to meet established timeframes;

- K. Provide a seamless transition for turnover to the next Contractor at the conclusion of the contract period. Indicate in detail projected timeframes for transfer in order to meet established timeframes.

# EXHIBIT D

## A. TECHNICAL SUBMITTAL

Technical Submittal, which shall be a response to RFP Part II, Sections II 1 through II 8;

### II-1. Statement of the Problem.

State in succinct terms your understanding of the problem presented or the service required by this RFP.

As one of the largest and oldest state employee retirement plans in the country, SERS is a critical organization to the 227,000 members it serves. In 2014, SERS paid \$3.0 billion in benefits to members, and posted 30-year annualized returns of 9.6 percent. Over the past 10 years, investment returns were the most important source of funding for SERS.

SERS' proxy voting policy aims to leverage the fund's approach to corporate governance to enhance long-term portfolio value and best serve the plan's members. Through this RFP, SERS' objective is to successfully appoint an Offeror capable of providing an integrated suite of services relating to proxy voting services, including but not limited to:

- › proxy voting policy development
- › voting recommendations
- › vote execution
- › voting reporting
- › voting disclosure
- › website maintenance

This service is critical because it helps SERS:

- › improve corporate governance which, in turn, can benefit the system's long-term performance and its ability to meet long term obligations;
- › fulfill its fiduciary obligation;
- › develop a proxy voting policy that reflects SERS' investment objective and stakeholder interest;
- › provide transparency to its Board, beneficiaries, and other stakeholders; and
- › follow best practice standards on vote disclosure.

ISS has successfully provided SERS this suite of services for 12 years. In 2014, ISS voted 1,481 ballots for 1,122 US meetings and, 1,774 ballots for 1,554 international meetings. Overall, ISS offers a range of governance research and proxy voting solutions to assist investors as they serve the interests of their constituents and meet fiduciary responsibilities. These services answer SERS' needs as described in the Part I, I-4. Problem Statement:

- › **Proxy voting policy development:** A Custom Policy team is assigned to SERS to assist with developing and implementing SERS' voting guidelines. This team's mandate is to understand the overarching intention of SERS' global governance program, and to capture the nuances of how best

to apply its voting policy across global markets. Policy maintenance and updates are included in the service, and a dedicated analyst is available for consultation on policy and governance issues.

SERS' proxy voting guidelines were last updated with ISS' guidance in March 2015 and are on cue to be updated in 2016 as well. As SERS' governance philosophy evolves, ISS can continue to advise SERS regarding the modification of these guidelines to meet the system's needs. ISS is able to meet with staff and discuss SERS' current philosophy and how it compares to ISS' other specialty and custom policies. ISS provides high-touch client service and views each policy as a partnership between ISS and the client.

- › **Vote Recommendations:** Following the custom policy guidelines developed and implemented for SERS, ISS will analyze all SERS proxies, and provide voting recommendations in line with SERS voting guidelines. In 2014, ISS produced 30,321 custom voting recommendations for 2,714 meetings that helped SERS fulfill its fiduciary obligation.
- › **Vote Execution:** Through an automated voting process, ISS is prepared to receive SERS proxy ballots, work with SERS' custodian bank, and execute votes on SERS' behalf in an accurate and timely fashion. Using our industry-leading ProxyExchange platform, ISS executed 3,255 ballots for SERS in 2014.
- › **Vote Reporting:** The ISS proxy voting platform includes a robust reporting module, with a range of customizable reports that can be used to monitor upcoming proxy voting activities, review historical voting data and statistics, in various formats and deliverable through different channels. See the Reporting section for more details on the reports provided by ISS.
- › **Vote Disclosure:** The ISS Vote Disclosure solution offers branded website development and hosting so that stakeholders can access SERS' voting records and voting policy. ISS has provided SERS this service since 2003, and as ISS continues to innovate disclosure approaches, is prepared to offer SERS new ways to enhance transparency.
- › **Website Maintenance:** The ISS Vote Disclosure solution includes the set up and maintenance of a fully customizable, branded website, seamlessly integrated in SERS' own website.

## II.2. Management Summary.

Include a narrative description of the proposed effort and a list of the items to be delivered or services to be provided.

As part of SERS' customized service, ISS will continue to:

- › configure SERS' proxy voting environment within our industry-leading ProxyExchange platform to align with business needs;
- › implement and map SERS' proxy voting policy to applicable accounts and generate vote recommendations based on the application of such policy;
- › work with SERS and its third party service providers to review, open and close accounts as instructed by SERS;
- › monitor SERS' incoming ballots, and perform ballot-to-account reconciliations with SERS and its third party providers to help ensure that ISS is receiving all ballots for which SERS has voting rights. ISS' ability to provide ballot-level reconciliation is contingent on SERS continuing to provide holdings information to ISS;
- › provide reporting on SERS proxy voting activity;

- › service SERS' account with a dedicated Client Service Consultant who is familiar with SERS' voting environment, preferences and voting needs;;
- › give SERS access to core voting features including the ProxyExchange reporting module, alerts, voting strategies implementation, and watchlist creation;
- › provide timely delivery of research as per SERS' custom policy;
- › give access to Governance Exchange, ISS' forum for thought leadership and content exchange between industry stakeholders;
- › invite SERS to ISS client events, which keep SERS abreast of corporate governance developments;
- › invite SERS to participate in ISS' yearly policy review process.

In addition to this core set of services, ISS will provide SERS:

**Customized Voting Policy Consultation**, where ISS' custom policy team can help SERS customize and update its voting guidelines. A team of dedicated research analysts is available to support the development and implementation of a customized policy in a consistent manner. The team's mandate is to understand the overarching intention of SERS' global governance program and to capture the nuances of how best to apply its voting policy across global markets.

**Vote Disclosure website**, to disclose how SERS voted and what the reasoning was for an against management vote. This service informs SERS' constituents on its governance philosophy and proxy voting actions, thereby helping to employ a "best practice" among leading public pension funds. ISS created SERS' Vote Disclosure website and has maintained this site for over ten years.

## II-3. Work Plan.

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

Please reference the attached PERT in Appendix 1.

## IV-4. Tasks.

Provide an entire suite of services and work independently on behalf of SERS, and together with SERS staff, in a fiduciary capacity. Describe in narrative form your work plan for accomplishing the following identified tasks. A plan for the each component listed below, including personnel who will be involved, if necessary, for each tasks of the plan is to be produced.

- A. Proxy voting policy development. Provide an annual review and update of SERS' Customized Domestic and International Proxy Policy given current conditions in the corporate governance landscape and ascertain the appropriateness of the current policy for SERS;

As part of the policy setting process, ISS collaborates with custom clients like SERS to develop, implement and maintain policies based on their organizations' specific mandates and requirements. In the spring of 2014, the Custom Research team provided a full review of SERS proxy voting policy as well as an executive summary of the various revisions. The proposed changes to SERS' guidelines were intended to create a comprehensive policy that applied to both SERS' international and U.S. holdings. These revisions covered topics such as director elections, capital structure and executive compensation proposals, among others. The Custom Research team conducted this policy review with the goal of ensuring that SERS' policy reflected current market best practice, but also addressed novel issues that may arise in the future. More recently, the Custom Research team also reached out to SERS to determine if any updates were needed for 2015.





ISS' approach to custom policy development stems from its policy formulation process. ISS pioneered the development of policy-based meeting recommendations and voting, and today is a leader in corporate governance services with extensive experience in custom policy development.

ISS' policy development approach is based on structured governance policies that incorporate policy and internal expertise with market and investor feedback. ISS has long been considered the foremost expert in this field, consistently providing fact-based research through a shareholder value lens. ISS' U.S., European and International benchmark policies are formulated through a robust process that takes advantage of ISS' own expertise and that of the broader governance community. The result is a set of proxy voting guidelines and best practice guide to corporate governance. ISS strives to ensure its policies are clear, balanced and well-reasoned.

Led by the ISS Global Policy Board, the firm deploys a bottom-up approach to policy formulation that incorporates ISS' own expertise combined with feedback from a diverse range of market participants through multiple channels:

- › An annual policy survey of institutional investors and corporate issuers
- › Roundtable sessions with industry groups
- › Ongoing feedback from participants in the capital markets, investors, issuers, regulatory agencies and clients during proxy season

The ISS Global Policy Board uses this input to develop its draft policy updates on emerging governance issues each year. Before finalizing these updates, ISS publishes draft updates for an open review and comment period. All comments received during the open comment period are posted to ISS' Policy Gateway at [www.issgovernance.com/policy](http://www.issgovernance.com/policy), in order to provide the highest level of transparency into the market's feedback. Final policy guidelines are published in the Fall to apply to meetings held after February of the following year. The full ISS Proxy Voting Manual, which describes all of ISS' policies and the analytical framework for making vote decisions on every major issue, is available to subscribing clients. All of ISS' Benchmark and Specialty proxy voting policies are updated annually, taking into account evolving perspectives, best practices, and related legal and market-specific developments.

**B. Customized voting recommendations based on SERS' proxy voting guidelines. Note that any proposal must customize its offering in conformance with the Board proxy policy listed in Part IV-2;**

ISS offers a complete custom policy solution whereby ISS implements voting recommendations based on client-specific, customized corporate governance guidelines. Our process is repeatable, consistent and auditable. ISS' team of dedicated custom research analysts works with clients on an ongoing basis to keep policies current, advise on emerging corporate governance issues and help evaluate vote decisions for new types of proposals.

*Supporting a Custom Policy*

ISS uses a three-step process to provide recommendations in accordance with client-specific custom policies. A schematic overview of the process may be found below:



Each ISS client with a custom policy is assigned a team of dedicated analysts to support their staff in a consistent manner. SERS' Custom Research team is led by Tejal Patel. The team's mandate is to understand the overarching intention of SERS' global governance program and to capture the nuances of how best to apply its voting policy across markets, as detailed in SERS' policy. SERS' Custom Research analysts are available as a resource for research-related inquiries or questions related to SERS' policy and generally respond within 24 hours depending on the nature and complexity of the question.

Through ProxyExchange, SERS has access to PolicyEngine, ISS' unique tool for transparency and control over the setup, management, and output of custom policies. PolicyEngine leverages ISS' comprehensive dataset and logic-based automation to produce analyses and vote recommendations based on client-specific inputs. As an existing custom research client, SERS' proxy voting policy is already coded into PolicyEngine by the SERS Custom Research team, and has been tested to ensure the voting rationale, voting recommendations, and application of the votes to each ballot are accurate, consistent and auditable.

On top of this smart technology, the Custom Research team provides an analyst overlay, designed to identify qualitative and issue-specific criteria that are of critical importance to SERS. For instance, SERS Custom Research experts identify Pennsylvania-based companies involved in mergers or acquisitions and inform SERS staff accordingly regarding the details of these transactions. The Custom Research team also provides outreach on issues related to proxy contests and contested elections. This customized outreach allows SERS greater oversight and ownership on certain specific or sensitive items. ISS is uniquely positioned to address these types of evolving, complex issues for SERS on a year-round basis.

#### *Combining Technology and Expert Analysts*

ISS believes no technology or software, no matter how rapidly it can execute a set of rules-based instructions, can be a complete substitute for interpretation of nuanced, company-specific and/or complex matters that deserve thoughtful consideration. For this reason, ISS assigns a dedicated team of experienced corporate governance analysts and researchers to work with each client in the interpretation, application and oversight of client policies.

ISS uses a team approach to servicing its custom policy clients. All of the team members participate in the policy development/update process, client calls and work together to ensure the accurate application of custom policies. This team approach ensures that there is continuity and depth of coverage to support each client with cooperative knowledge.

- C. Detailed analysis of company specific information to assist SERS in unusual situations that are not covered by SERS' voting policies (e.g. analysis of proposed mergers or acquisitions of Pennsylvania-based companies);

In instances where SERS' guidelines do not address certain issues, the ISS Custom Research team will reach out to SERS' proxy voting team and provide a brief summary of the issue, as well as any mitigating factors which may be of note for SERS staff. Copies of the ISS Benchmark report as well as the accounts holding the company in question are also provided where necessary.

Additionally, SERS always has the ability to override any recommendation and vote the way it sees fit. A vote can be cast contrary to SERS guidelines in the following cases:

- › ISS receives specific vote instructions from SERS which may be contrary to the recommendations issued based on SERS' guidelines; ISS will follow the SERS' instructions and document the request in ProxyExchange.
- › Specific processing requirements from the proxy ballot distributor may specify the valid vote options on certain agenda items. For example, certain Italian issuer meetings allow for only one slate of directors to be voted on in order for ballots to be processed. ISS will reconcile the technical instructions received with the recommendations available and cast votes accordingly. If reconciliation is not possible, SERS will be provided with the details and asked to assist with the vote.

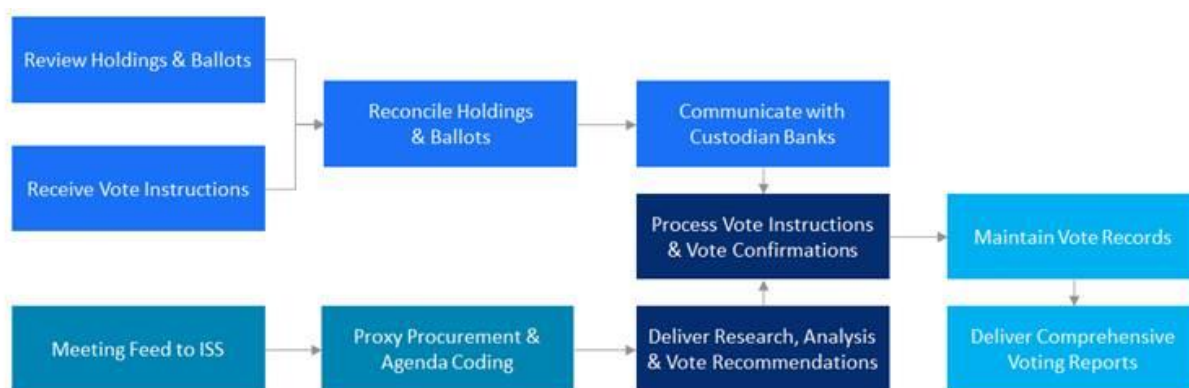
#### D. Timely vote execution by monitoring meeting schedules and agendas;

ISS provides a complete, end-to-end solution for voting domestic and international proxies. The Custom Research team produces research reports, on average, within 48 hours of the ISS Benchmark report becoming available. Should any updates or material changes to meeting agendas take place, the Custom Research team will also issue customized voting alerts based on SERS' policy. Additionally, as part of our SSAE 16 compliance obligations, meeting research and custom vote recommendations are closely monitored to ensure accuracy and availability prior to our clients' individual voting cut offs.

SERS receives the Custom Research team's recommendations via ISS ProxyExchange, the industry-leading platform for accurate and efficient vote execution and reporting. Ballots received for SERS are also posted on ProxyExchange. As soon as SERS custom recommendations are published, they are applied to vote the SERS ballots. Votes cast are then processed electronically through different channels to their final destination for tabulation. ProxyExchange is designed for maximum efficiency, transparency and flexibility to help manage the entire proxy voting process – seamlessly, globally, and across the entire organization. SERS is able to access ISS research and vote recommendations, perform proxy voting actions, and generate reports of key voting activity, all from this single integrated platform.

ProxyExchange also offers clients a unique level of transparency into the life cycle of ballots, meetings and accounts. Continuous development efforts over the past three years have resulted in customizable features that address the workflow needs for a range of clients and allow for highly flexible yet automated voting decisions, comprehensive reporting and alerting capabilities. SERS can audit, review and modify the SERS voting at any stage in the voting process.

The following describes the complete voting process that ISS manages for clients:



As the diagram above shows, research and recommendations are delivered through the platform. This research has been triggered by the holdings information ISS receives from the custodian. Leveraging advanced technology and support, ProxyExchange will allow SERS to control their voting policy and final voting decisions while ISS manages the cumbersome task of vote processing.

ISS makes continuous investments in its technology infrastructure and product platforms, and over the past year, ISS rolled out a number of improvements designed to further streamline workflows, improve usability, and optimize the user experience – making proxy voting easier, smarter and more accurate than ever before.

- › **Navigation:** Improved design, dashboard views and new functionality to filter and search for meetings and research.
- › **Reporting:** Enhanced workflow for accessing, running and scheduling voting reports.
- › **Company View:** New tool to access company data, contact information and research content.
- › **Architecture:** Leverage best-in-class technology to optimize performance and security.
- › **Usability:** Tools to optimize your workflow and improve the user experience
- › Client Directed Voting Service: Enhancements for voting conflict meetings or securities.

These continued product enhancements, most of which were driven directly by client requests, allow SERS to benefit from an end-to-end proxy voting solution that is accurate, timely and easy to use. Other key differentiators of the ProxyExchange platform include:

- › Flexibility for automated, partially-automated or manual vote execution process.
- › Options for single-step or dual sign-off voting. Regardless of the option chosen, ProxyExchange allows for multiple/all ballots to be voted simultaneously for one meeting/issuer.
- › Proactive alerts that make it easy for clients to be notified of upcoming meetings, new research or contentious issues. This helps proxy administrators and investment professionals better manage their workflow and proxy voting activity, and integrate their proxy voting activity into their calendar and scheduling.
- › Filter and sorting options to easily track and identify meetings and ballots that require attention.
- › Support for split and partial voting.

- › Automated strategies to handle complex voting issues such as shareblocking and share reconciliation.
  - › Access to additional resources, including regulatory filings and vote results.
  - › On-screen data is completely exportable to Excel for further analysis.
  - › Robust tools for standard, custom and ad-hoc reporting.
- E. Advise SERS of the trends and significant events affecting corporate governance issues and provide SERS access to any conference calls and/or web-casts that might provide timely information on issues of concern regarding proxy voting and corporate governance;

Client education is central to ISS' mission. To this end, ISS delivers thought leadership and encourages dialogue among fiduciaries seeking to leverage best practices in corporate governance to enhance shareholder returns. ISS' Proxy Research and Voting clients also receive complimentary membership to Governance Exchange – a unique online community exclusively for institutional investors, board directors, and corporate executives, advisors and academics.

Through ISS Governance Exchange, clients can gain insight and perspectives from a broad community of stakeholders in governance, with access to the latest news and developments, in-depth reports on governance and compensation trends globally, and frequent educational webinars featuring industry figures and thought leaders.

The following knowledge resources are provided to SERS to gain insight into current issues in the global governance landscape:

- › **Governance Insights:** ISS' flagship publication on corporate governance, provides news and analysis of global corporate governance developments.
- › **Research Desk Bulletin:** A periodic publication providing commentary and analysis from ISS' global research team on timely and topical developments affecting governance stakeholders.
- › **Proxy Bulletin Calls:** During the height of Proxy Season, global experts provide insight into the week ahead on weekly update calls. These calls are being currently held every Thursday until through end of May.

In addition, ISS clients receive the following industry/sector-based research:

- › **Market IQs:** Country-specific reports provide a comprehensive overview of governance attributes across global capital markets. They cover a range of topics and issues, including the mechanics of proxy voting, prevalence and type of takeover defenses, method of director elections, details on key financial market participants, and filing of shareholder proposals.
- › **White papers:** Noteworthy primary research on key issues affecting corporate governance.
- › **Legislative and regulatory monitoring:** Continuous watch on impactful changes in legislation affecting corporate governance standards and practices.
- › **Benchmark policy development:** Annual policy development process that incorporates policy and internal expertise with market and investor feedback, including participants of ISS' Policy Survey.
- › **Country and market specific pre- and post-season reports:** Topical overview of significant shareholder meetings, key corporate governance and other proxy-related matters, trends and vote results.

Clients are also invited to attend ISS' annual events where dialogue is encouraged between clients and industry leaders as we explore key themes in corporate governance and their impact on long-term success. Key events include:

- › **Annual Conference:** Provides insight into the key issues in corporate governance and to prepare for proxy season. Panel discussions with thought leaders and institutional investors allow clients to understand the completed proxy season's most significant votes, preview the next year's governance landscape and understand governance trends and data. The most recent annual conference was held in January 2015.
- › **Regional Fall Briefings:** ISS hosts regular roundtable discussions and client events to encourage dialogue on proxy voting, engagement and other issues relevant to investors. Events are held throughout U.S., Canada, Europe and Asia. Australia Briefings are typically held in early Spring.

F. [Assist SERS staff in the preparation of responses to questions proposed by constituents on proxy voting and corporate governance issues;](#)

SERS dedicated Custom Research team is made up of global governance experts and can provide expert advice via the following services:

- › Topical briefs on hot button governance issues, including proxy contests or strategic transactions;
- › Bespoke projects such as an analysis of SERS' vote results; or
- › Board presentations regarding annual updates or governance trends.

ISS is prepared to assist SERS staff as needed in responding to constituent inquiries on proxy voting and corporate governance, by providing statistical and meeting-specific data, educational presentations to SERS Board members on governance issues and trends, and consultative support on SERS policy-related issues.

G. [Accurate record keeping and oversight of voting activity by maintaining detailed records of all recommended and actual votes, as well as any special instructions related to specific securities. Provide comprehensive electronic proxy voting reports of data as requested, but at a minimum, be provided on a quarterly basis. An example of the comprehensive reporting is provided in Appendix F – Vote Summary Report;](#)

The ISS Client Service Team is available to support SERS' reporting needs, from the set-up of regular voting activity reports to more complex custom reports. SERS will be able to pull customized, ad hoc reports from the ProxyExchange voting platform in a desired file extension (.pdf, .xls, .doc), or take advantage of a hands-off solution for automated email delivery of voting and workflow related reports. In addition to the flexible reports available on ProxyExchange, ISS also has the ability to build custom data feeds if needed. Additional fees may apply depending on the data sets requested and the development work required to build and maintain such feeds. Please reference the attached SERS reports: Vote Summary Report, Statistical Issue Summary Report, and Board Statistics Report in Appendices 2, 3 and 4.

The ProxyExchange voting platform powers ISS' reporting capabilities. ProxyExchange includes a robust reporting module, with a range of customizable reports that can be utilized to track upcoming meetings,

deadlines, status changes and more. The reporting module was designed to meet client needs for flexibility, transparency and control, through the following reporting features:

- › Pre-built, customizable templates, whereby clients, or their client service consultants, are able to rapidly configure reports based on their own needs and specifications. Clients are able to select different data sets, accounts, and filtering capabilities to include only the data they wish to see, such as Votes against Management, Votes against Policy, Statistical Reports, and Historical Voting Records, to name just a few.
- › Fully-customized reports. For those clients with specific data requirements, ISS creates specific formats and data fields to meet these needs.
- › Document formats include HTML, DOC, PDF, RTF, Excel and CSV.
- › Delivery Frequency and Methods, whereby clients are able to schedule the frequency of their report delivery or run reports on an as-needed basis; reports can be delivered through email, secure FTP, or via ProxyExchange.

ISS offers several template reports that either give details of every vote, or provide statistical summaries of voting activity. Some of the more frequently used templates include, but are not limited to:

<b>SERS Proxy Voting Activity</b>	Semi-annual report displays details of all meeting and all ballots voted during the period, along with complete account and share position information.
<b>Statistical Summary Reports</b>	Semi-annual report provides a statistical overview of the client's voting activity, to assist with in-depth analysis of voting trends and perspectives.
<b>Vote Audit Results</b>	Semi-annual report allows clients to confirm that all ballots were voted correctly and votes were processed and accepted.
<b>Vote Confirmation Reports</b>	Available on ProxyExchange for all meetings and ballots voted, and delivered as needed.
<b>Vote Summary Report</b>	Provides agenda level details on votes cast for any given meeting during a specified time frame across one or more accounts; ballot details – including custodian accounts and shares – may be optionally included.
<b>Meeting Details Reports (Ballot or Meeting Level)</b>	Report results may be generated by meeting, cut off or ballot instruction date, returning a broad level of meeting information comprised of account, company, ballot, proposal, recommendation and vote details, allowing clients to effectively audit data while given the ability to manipulate and filter results around a concentrated area of focus.
<b>Upcoming Meetings Report</b>	Meetings taking place during a specified time frame are listed with details on research availability, ballots received and applicable accounts.
<b>Ballots Received Report</b>	Lists ballots received for any meetings occurring in the defined time frame.

<b>Board Statistics Report</b>	With a robust level of proxy statistics, this report assists with Board Reporting as well as other reporting requirements.
<b>Statistical Issues Summary (SIS) Report</b>	This report delivers a statistical analysis of proposals on the agenda for any meeting taking place during the specified time frame, highlighting the votes cast whilst detailing whether the vote was with or against management or policy.
<b>Master Account List</b>	A comprehensive list of active and inactive client accounts provided for the purpose of account reconciliation and identification of potential risks due to inactivity.

H. [Coordinate with SERS' custodians and external advisors on administrative issues including but not limited to Proxy Voting Power of Attorney, new account set-up and maintenance, and holdings reports;](#)

ISS' Custodian Operations and Vote Execution teams work closely with SERS' Client Service team to ensure all administrative issues related to account set-up and voting of proxies are handled in an efficient and timely manner.

ISS' Custodian Operations team is dedicated to the oversight and maintenance of all client accounts within the ISS system. This team works closely with custodian banks worldwide and responsibilities include, but are not limited to, ensuring accounts are properly set-up for ballots to be delivered to ISS, maintaining custodian and account data within ProxyExchange, monitoring client accounts for ballot activity (or lack thereof) and liaising with custodians on behalf of mutual clients should any concerns regarding the status of a specific account arise. The ISS Custodian Operations team oversees all ballot reconciliation processes as well.

As part of the comprehensive audit set, ISS provides ballot level reconciliation for all SERS accounts for both U.S. and international securities. By comparing known upcoming meetings to SERS holdings data, ISS is able to anticipate ballots that should be received, and placeholders for each relevant position are created within ProxyExchange. If a ballot is not received two weeks prior to a meeting date, ISS will reach out to custodian ballot vendors to determine the status of each placeholder position created within ProxyExchange. If ISS receives a viable position through the reconciliation process, the details are automatically entered into internal systems and presented to SERS via ProxyExchange for review and voting.

Due to the complexities of voting in international markets, oftentimes additional documentation is needed to ensure votes are processed. Market-level Power of Attorney (POA) documentation is applicable in certain markets, as is meeting-specific POAs and issuer-specific vote authorization documentation. The ISS Vote Execution team maintains a repository of information related to those issuers requiring special documentation, and will provide SERS with notification when meeting and issuer specific documentation is required. Although market level POA information is maintained by SERS' custodians, ISS is sometimes informed of expired documentation, and can notify SERS. Additionally, the ISS POA service allows for the tracking of relevant POA data directly on ProxyExchange.



The ISS Client Service team works closely with all parties involved in the voting process to ensure SERS is in receipt of the appropriate documentation and corresponding instructions required for SERS votes to be accepted in each market.

- I. Maintain and host SERS' Voting and Disclosure website with up to date information keeping our constituents informed of SERS' current Proxy Voting Policies as well as votes cast all the while maintaining the integrity of and SERS' ownership of all data on its Voting and Disclosure website, which includes providing the following specifications and have the ability to export upon request:
  - a. Current board-approved Proxy Voting policies;
  - b. Searching the Proxy Voting website by company name; and
  - c. Showing results, per company, how SERS proxies were voted for each individual agenda item, indicating management's vote recommendation as well as how SERS voted.

ISS sets the standard in vote disclosure practices with turnkey services to help SERS efficiently and cost-effectively achieve compliance with regulatory requirements and best practice guidelines.

ISS' solution offers branded vote disclosure website development and hosting to help make SERS' voting records accessible to constituents and other stakeholders. Websites are fully customizable so as to meet any needs relative to SERS branding and marketing standards, and are seamlessly integrated in the SERS website. ISS' vote disclosure service includes:

- › Flexibility of displaying voting information by portfolio, issuer or meeting date. Customizable search capabilities allow website visitors to easily access data important to them.
- › Data management services through file transfer from third party sub-advisors and vote record ingestion,
- › Website maintenance, in line with SERS website design changes.

Over the last two years, ISS invested over \$16.2 million in technology to scale global operations and fuel the development of innovative solutions. One such innovation is a premier Client Disclosure Website that will be available in late 2015. The new graphical, dashboard style website provides a user-friendly interface for flexible and dynamic display of proxy voting data with the ability to export content for Board, Proxy Committee or other reporting needs. Stakeholders will be able to access Voting Statistics including Votes Cast by Proposal Category and Alignment with Management, along with a view of Meetings by Type, Industry Sector and Market. Underpinning the visual element of the dashboard is the detailed meeting information where additional content is provided. ISS is dedicated to providing solutions that enhance your proxy voting experience, through advanced technology and powerful workflow tools.



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- J. Provide a seamless transition from the current Contractor. Indicate in detail projected timeframes for transfer and if it requires an extension of the current contract (not exceeding no more than 90 days from the end date of the current agreement) in order to meet established timeframes;

As SERS current contractor, no transition process would be required; ISS can continue to provide all existing services to SERS, and can easily expand the current contract to incorporate any other services of interest. However, if and when a new client signs on for service with ISS, a member of the ISS Implementation team is assigned to oversee the process. Additionally, a member of the ISS Implementation team will assist an existing client's Client Service team in implementing any new services purchased over the course of the contract period. Please reference the PERT document in Appendix 1 for more details on the Implementation Plan.

- K. Provide a seamless transition for turnover to the next Contractor at the conclusion of the contract period. Indicate in detail projected timeframes for transfer in order to meet established timeframes

ISS' goal is to remain your proxy research and voting provider. We hope our track record of successfully meeting your proxy voting needs over the past 12 years is evidence of our commitment to SERS. Nonetheless, ISS will provide a smooth transition should SERS choose a new service provider. Upon selection of a new service provider, ISS will work with SERS' preferred contact, following instruction from SERS, to provide information related to the accounts being voted by ISS. ISS will also send all ballot details to the assigned contact, and provide SERS with any reporting required, dating back up to five years, in line with SEC records retention requirements. Requests for future ballot information will be completed within 48 hours of receipt; all historical reporting requests will be completed within 10 business days of the initial request.

## II-4 Prior Experience.

Include and describe experience of five years or more in the development and managing of proxy voting services. 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 must 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.

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## II-5 Personnel.

Include the number of executive and professional personnel, analysts, auditors, researchers, programmers, consultants, etc., who will be engaged in the work, including a designated person (team) within the organization to serve as a liaison to the SERS account. Show where these personnel will be physically located during the time they are engaged in the Project. For key personnel, include the employee's name and, through a resume or similar document, the Project personnel's education and experience in proxy voting services. Indicate the responsibilities each individual will have in this Project and how long each has been with your company. Identify by name any subcontractors you intend to use and the services they will perform.

To ensure a continued strong partnership responsive to SERS' needs, ISS provides a multi-disciplinary support team including a dedicated Client Service Consultant, a back-up point of contact, Team Lead, a Lead Custom Research Analyst, and an Account Executive. This structure ensures regular and open communications across both organizations, allowing for swifter decision making during proxy season, and more efficient collaboration.

ISS Consultant assignments are determined by a tiered structure to meet the varying needs and different service levels required by our clients. While every account is assigned a dedicated backup client service manager, a Client Service Team Leader will provide overall supervision and serve as an escalation point for any issues that arise. Team Leaders report directly to the global head of Client Service and Consultants, who can liaise with other members of the Senior Management team to resolve any issues. ISS is committed to providing our clients with timely and dependable access to our products and services.

The ISS Client Service Team provides SERS with the following benefits:

- › Oversight of full vote execution process
- › On-site training
- › Ensuring successful client onboarding
- › Platform customization
- › Report development
- › Notifying clients of upcoming corporate governance related events
- › Tracking and providing regular updates related to ongoing projects, or pending issue resolution
- › Providing notice of, and resolution assistance for, potential issues identified through ISS' operational audit processes
- › Providing SERS with a Master Account List on a quarterly basis. This list is reviewed by ISS to look for any potential issues with the set-up of the accounts. This list is also reviewed by SERS and provided back to ISS with any account updates that are required.
- › Working closely with the Research Analysts, Custodian Operations and ISS sales team to create a complete support team to help SERS staff with all aspects of their service.

## Client Service and Consultants Team

**Specialized Client Service Consultant, Corina Florea** ISS understands the unique needs of public pension funds and has developed a dedicated and experienced client service team to serve the proxy voting needs of this segment. SERS' dedicated service consultant will focus on proactive account management.

**Corina Florea** is the dedicated Client Consultant for SERS. Corina is the primary contact for ISS governance products and services, providing support and expertise on corporate governance and proxy voting solutions to a portfolio of public pension fund clients. She reports to Meghan Orifici, Regional Account Management Team Lead. Corina joined ISS in 2007, servicing key client relationships as both an Account Manager and a Team Lead. Prior to joining ISS, Corina worked at Standard & Poor's for seven years, most recently as a Senior Applications Consultant. Corina has a Bachelor of Science from Polytechnic University of Bucharest and an MBA from the International Executive Development Center in Kranj, Slovenia.

**Meghan Orifici** is a Regional Client Services Manager and the senior point of escalation for the SERS relationship. Prior to this role, she led the Governance Implementation team within Account Management. Meghan has been with ISS for 14 years, and has worked in both account management and operations capacities. In her role, Meghan is responsible for leading the Client Service Team located in regional offices across the U.S. and Canada. Prior to joining ISS, Meghan worked for an independent broker, monitoring the sale and purchase of client assets. She received a Bachelor of Arts in Business Management from Goucher College.

## Custom Research Team

**Lead Custom Research Analyst, Tejal Patel** ISS manages custom voting policies and implements voting recommendations for more than 400 clients. SERS' Custom Policy Analyst is based in Rockville, MD and is supported by a team of custom research staff. As experts in custom policy and global governance analysis, the custom team will work with SERS to develop, interpret, apply and oversee client policies. In addition, analysts can leverage ISS' Policy Engine to execute those aspects of a custom policy in a way that is consistent and accurate. This approach results in vote recommendations that align well with SERS' aim to prudently invest assets for the system's recipients.

**Tejal Patel** is the lead governance analyst assigned to SERS. Prior to joining ISS in 2013, she was a corporate associate at a law firm in Connecticut where she practiced in the areas of mergers and acquisitions, securities and finance law. Tejal has a J.D. from the University of Connecticut School of Law, a M.Sc. from the London School of Economics, and a B.A. from the George Washington University.

**Andrew Linberg** is a Regional Manager for ISS' Custom Research team, servicing clients in the Northeast, South and West regions, as well as socially-responsible investment funds. In this role, Andrew and his teams provide clients with custom policy support and expertise on global corporate governance issues. He also oversees implementation of custom client-specific proxy voting guidelines and custom policy vote recommendations. Andrew is a graduate of the University of Delaware and received a *juris doctor* from the University of Baltimore School of Law.

**Fassil G. Michael** heads Custom Research for ISS. With over 16 years of corporate governance experience, Fassil is responsible for managing the Custom Research and Social Advisory Services (SAS) teams. In his current role, he oversees the implementation of over 400+ proxy-voting policies for

institutional clients worldwide. In addition, he provides corporate governance policy consulting and guideline development services to the institutional investor community. Prior to assuming his current role, he was manager of International Research where he oversaw the implementation of client-specific policies as well as the coverage of several global markets. Fasil is a graduate of Middlebury College in Middlebury, VT where he earned a B.A. in International Politics and Economics (IP&E), with a focus on economics.

### Sales Team

**Dedicated Account Executive, Lauren Lusthaus** As part of ISS' commitment to its public pension fund clients, the firm developed an Asset Owner team specialized in meeting the segment's distinct needs. SERS' dedicated Account Executive is part of this team, and owns the overall success of the relationship. In this capacity, SERS' Account Executive focuses on obtaining an in-depth knowledge of SERS' needs and structuring the relationship between our organizations in order to meet them.

**Lauren Lusthaus** is the dedicated Sales Executive for SERS. Lauren serves as Vice President of Governance Sales, and oversees and develops Asset Owner relationships throughout the East Coast. Before joining ISS in 2013, Lauren was a Managing Director at the NASDAQ Stock Market, responsible for Investor Relations and Corporate Governance sales within issuer services. Prior to NASDAQ, Lauren was a Relationship Manager at Goldman Sachs within client commission management, overseeing the asset manager and asset owner communities. Lauren has a degree in Economics/Management from Ithaca College.

In addition, supporting Business Teams interface with custodians and other agents in the proxy voting process on behalf of SERS, ensure vote execution, and work with Client Service teams to update and upload clients' holdings. In total, SERS benefits from the resources provided by a team of over 800 experienced staff at ISS; these resources set us apart from other proxy advisors.

### Exhibit 3: ISS Employees by Department

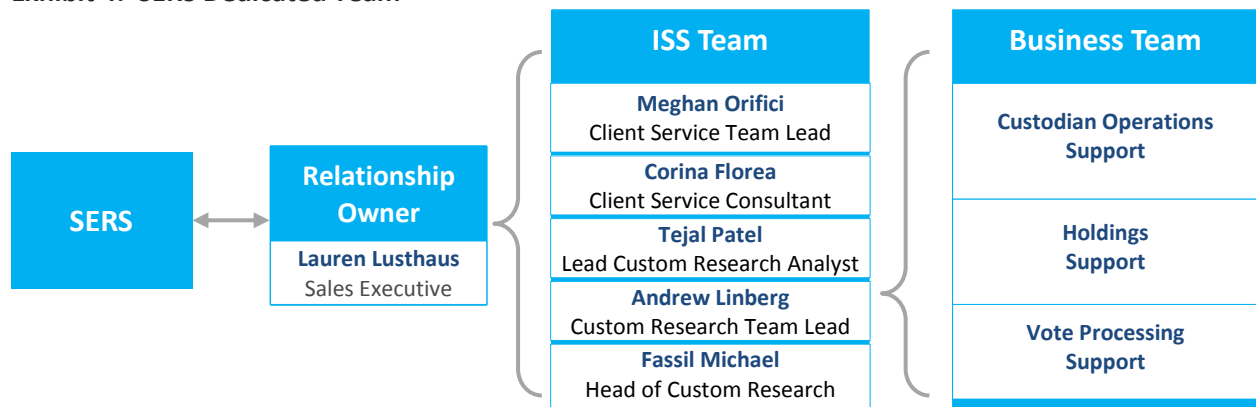
Department	Staff
Research	151
Data	136
Operations	107
Client Service	126
Technology/Development	116
Admin	98
Corporate	65
Sales	28
<b>Total</b>	<b>827</b>

Recognizing that the time spent on servicing the SERS team can fluctuate greatly during the course of the year, and according to specific projects or needs, the ISS team approach allows us to scale adequately to ensure needs are met and given the proper attention in a timely fashion.

The resources and expertise behind ISS' client service model make it unique within the proxy advisory industry, and underpin our 96 percent client retention rate. The retention rate is a reflection of our proven client service methodology which emphasizes reliability and responsiveness.

Fast and efficient responsiveness is an important hallmark of ISS' client service model. Once received, all client inquiries are addressed as soon as possible. Client requests will be acknowledged within 24 hours of receipt, and clients are provided regular updates on any items that take longer than 24-48 hours for complete resolution. However, queries are often resolved well within these service timeframes.

**Exhibit 4: SERS Dedicated Team**



The SERS account is primarily serviced from three office locations:

- › Meghan Orifici, Client Service Team Lead, and Corina Florea, Client Services Consultant, are based in Rockville, MD and manage the day-to-day needs of the account as well as the business relationship. Research services are located largely out of ISS' headquarters office in Rockville, Maryland.
- › Tejal Patel, lead Custom Policy analyst, is located in Rockville, MD.
- › Proxy voting operations are maintained in Norman, Oklahoma.
- › Lauren Lusthaus is the Account Executive for SERS and is the primary point of contact. Lauren is based in New York, NY.



## II-6 Training.

If appropriate, indicate recommended training of agency personnel. Include the agency personnel to be trained, the number to be trained, duration of the program, place of training, curricula, training materials to be used, number and frequency of sessions, and number and level of instructors.

Some of the highlights of the training activities and educational opportunities ISS offers to clients include:

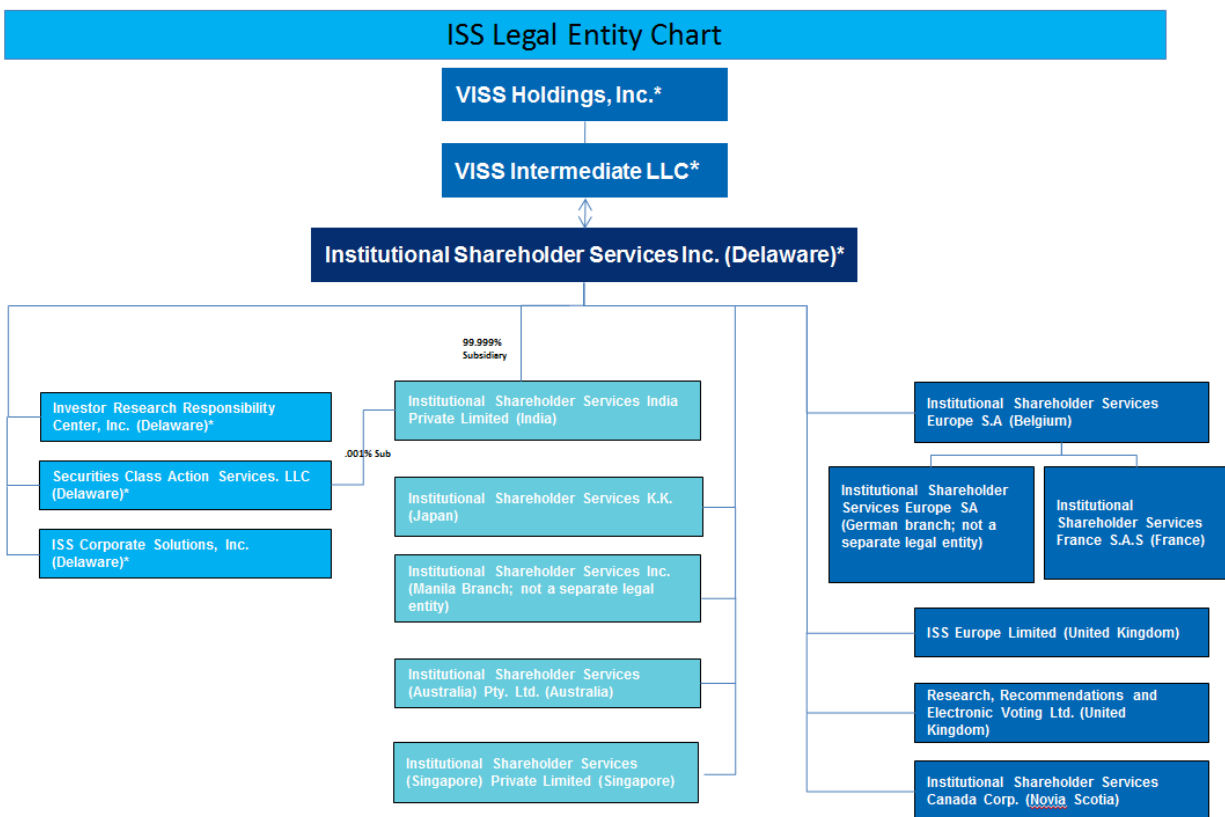
- › **ProxyExchange Training:** Delivered via webinar and onsite, as needed, to keep clients informed of key features and the latest platform enhancements. ISS will provide ProxyExchange training for an unlimited number of SERS personnel.
- › **Special Vote Processing Meetings:** ISS' Client Service team continuously notifies clients of any action items required for high profile meetings.
- › **Market Practices:** Through the Global Market Mechanics Guide, ISS' Client Service team educates clients on the specific proxy voting mechanics of various markets, including shareblocking, power of attorney, and research delivery information.
- › **Legislative and Regulatory Monitoring:** ISS' Client Service team notifies clients of any regulation that will impact vote processing. Examples include Dodd-Frank Wall Street Reform and the Consumer Protection Act, the German Trade Securities Act, and the U.S. Department of Treasury's Office of the Foreign Asset Control (OFAC) imposed sanctions.
- › **Proxy Bulletin Calls:** A series of weekly webcasts throughout proxy season that identify and discuss trends and noteworthy upcoming meetings, to keep clients up to date and allow them to prioritize their proxy research and voting related activities.
- › **Research Desk Bulletin:** A periodic publication providing commentary and analysis from ISS' global research team on timely and topical developments affecting governance stakeholders.
- › **Policy Briefings:** Webinars covering updates to ISS' benchmark proxy voting policies, including a high-level look at global policy changes and a preview of key issues that institutional investors and issuers will face in the coming year.
- › **Newsletters:** ISS' flagship publication on corporate governance, Governance Insights, provides news and analysis of corporate governance developments.
- › **Client Events and Roundtables:** Regular roundtable discussions and client events to inform clients of key trends and encourage dialogue on proxy voting, engagement and other issues relevant to investors.

## II-7 Financial Capability.

Describe your company's financial stability and economic capability to perform the contract requirements. Provide your company's financial statements (audited, if available) for the past three fiscal years. Financial statements must include the company's Balance Sheet and Income Statement or Profit/Loss Statements. Also include a Dun & Bradstreet comprehensive report, if available. Describe your company's legal entity, a complete description of all your owners and an ownership chart. Provide similar information for any legal entities that your company may own. If your company is a publicly traded company, please provide a link to your financial records on your company website in lieu of providing hardcopies. The Commonwealth reserves the right to request additional information it deems necessary to evaluate an Offeror's financial capability.

Institutional Shareholder Services Inc. ("ISS") is a privately-held company incorporated in the State of Delaware. The owner of ISS is VISS Holdings, Inc., an affiliate of Vestar Capital Partners ("Vestar"). Vestar is a private equity firm based in New York, NY. Vestar Capital Partners VI, L.P. and affiliated entities, through VISS Holdings, acquired 100 percent of the issued and outstanding stock of ISS in a transaction that was completed on April 30, 2014. Subsequent to closing, certain shares representing a minority interest in VISS Holdings were sold to certain employees of ISS.

### Exhibit 5: Organizational Structure of ISS



\* US Entities  
 April 2015

The continuation of Gary Retelny as President of ISS, as well as other managers in key roles, underscores the confidence of both Vestar and ISS in the future of the governance business, and suggests continued support for the growth and development of ISS' products and services.

ISS has enjoyed both financial stability and growth for three decades. ISS continuously invests in our people, processes, products and technology to continue to build upon the services delivered to our clients. Over the last two years, ISS invested over \$16.2 million in technology to scale global operations and fuel the development of innovative solutions. Over the past year, ISS has increased the size of its staff by 16 percent, bringing in new talent to drive advancements across the business. Our 96 percent retention rate is a reflection of high quality products, excellent client service, and overall business stability.

As ISS was owned by MSCI through April 30, 2014, please see attached the 2013 MSCI 10K document, 2012 MSCI 10K document, and 2011 MSCI 10K documents in Appendices 5, 6, and 7. (As the 10K documents are large, they have been included on the CD-ROM but not included in the hard copies of this RFP.)

As a private company, ISS can make limited further financial information available under a confidentiality agreement.

Institutional Shareholder Services Inc.'s DUNS number is 832807705.

# EXHIBIT E

## **EXHIBIT E**

### **Contractor's Supplemental Contract Terms**

1. The Commonwealth Standard Terms and Conditions ("Commonwealth T&C's") shall be modified for ISS only as set forth below.
2. Commonwealth shall provide or ensure that Contractor receives in a timely fashion all correct information necessary to provide the Services. Contractor shall not be in breach of the Contract if Commonwealth fails to do so and as a result Contractor is unable to provide the Services. Contractor shall provide Commonwealth with written notice (including via email) of all required information and its due date. Commonwealth (and its personnel) may be receiving access to the Services (or portions thereof) via one of Contractor's electronic delivery platforms. Contractor shall have no liability for any loss incurred by Commonwealth caused by (i) the misuse/violation of any access rights to, and use of, Contractor's electronic delivery platforms by any of Commonwealth's employees or (ii) someone other than Commonwealth (or its authorized employees/agents) using Commonwealth's passwords or accounts directly caused by Commonwealth's failure to take measures to reasonably safeguard its passwords or accounts.
3. CONTRACTOR'S TOTAL LIABILITY FOR ANY CLAIM ARISING OUT OF OR IN ANY WAY RELATING TO THE CONTRACT OR THE PROVISION OF ANY SERVICES, WHETHER IN CONTRACT, TORT, WARRANTY, INDEMNITY OR OTHERWISE, SHALL BE LIMITED TO FOUR TIMES (4X) THE FEES PAID BY COMMONWEALTH IN ANY ONE YEAR TERM OF THE CONTRACT OR ANY AND ALL CLAIMS MADE WITHIN THAT YEAR, WHETHER ARISING OUT OF OR RELATED TO EVENTS OCCURRING DURING THAT YEAR OR EARLIER; PROVIDED, HOWEVER, THAT THE FOREGOING LIMITATION ON LIABILITY SHALL NOT APPLY WITH RESPECT TO CLAIMS ARISING FROM OR RELATING TO CONTRACTOR'S GROSS NEGLIGENCE, FRAUD OR WILLFUL MISCONDUCT. NEITHER PARTY SHALL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE, CONSEQUENTIAL OR EXEMPLARY DAMAGES ARISING OUT OF OR IN ANY WAY RELATING TO THIS AGREEMENT OR THE PROVISION OF ANY SERVICES, WHETHER IN CONTRACT, TORT, WARRANTY OR OTHERWISE. THIS LIMITATION WILL APPLY EVEN IF A PARTY HAS BEEN ADVISED OF, OR IS AWARE OF, THE POSSIBILITY OF SUCH DAMAGES.
4. If Contractor ceases or plans to cease to offer all or any part of the Services to all subscribers for any reason, Contractor may terminate the Contractor as to all or a portion of the Services by providing Commonwealth at least one hundred eighty (180) days advance written notice to the SERS Office of Chief Counsel and SERS Chief Information Officer in SERS Office of Information Technology. Contractor shall promptly refund the portion of Fees paid for the discontinued Services for the period following termination.

5. Regulatory Disclosures. From time to time, applicable laws and rules may require Contractor to disclose information to or otherwise communicate with Commonwealth. Commonwealth hereby agrees that Contractor may deliver any such information or other communication electronically. In this regard, Commonwealth acknowledges that Contractor has had the opportunity and will continue to have the opportunity to access Contractor's disclosure brochure required by Rule 204(3) under the Investment Advisers Act of 1940 through Contractor's website at: <http://www.issgovernance.com/practices> or such other site as Contractor may identify from time to time. Commonwealth may revoke this general consent to electronic delivery at any time, or may request a hard copy of any particular document covered by this consent.

Disclosure Regarding Issuer Relationships. ISS Corporate Services, Inc. ("ICS"), a wholly-owned subsidiary of Contractor, offers products and services (described on ICS' website) to issuers of proxy solicitations consisting primarily of advisory and analytical services, self-assessment tools and publications. ICS employees are not involved in Contractor's analysis of filed proxy proposals or preparation of vote recommendations.

6. The following are supplemental terms for specific materials which are available as part of certain Contractor's products and services. To the extent that Contractor has access to the materials referenced below, the terms below are incorporated herein and made a part hereof.

#### Supplemental Terms

#### STANDARD & POOR'S CUSIP SERVICE BUREAU

Subscriber agrees and acknowledges that the CUSIP Database and the information contained therein is and shall remain valuable intellectual property owned by, or licensed to, Standard & Poor's CUSIP Service Bureau ("CSB") and the American Bankers Association ("ABA"), and that no proprietary rights are being transferred to Subscriber in such materials or in any of the information contained therein. Any use by Subscriber outside of the clearing and settlement of transactions requires a license from CSB, along with an associated fee based on usage. Subscriber agrees that misappropriation or misuse of such materials will cause serious damage to CSB and ABA, and that in such event money damages may not constitute sufficient compensation to CSB and ABA; consequently, Subscriber agrees that in the event of

any misappropriation or misuse, CSB and ABA shall have the right to obtain injunctive relief in addition to any other legal or financial remedies to which CSB and ABA may be entitled.

Subscriber agrees that Subscriber shall not publish or distribute in any medium the CUSIP Database or any information contained therein or summaries or subsets thereof to any person or entity except in connection with the normal clearing and settlement of security transactions. Subscriber further agrees that the use of CUSIP numbers and descriptions is not intended to create or maintain, and does not serve the purpose of the creation or maintenance of, a master file or database of CUSIP descriptions or numbers for itself or any third party recipient of such service and is not intended to create and does not serve in any way as a substitute for the CUSIP MASTER TAPE, PRINT, DB, INTERNET, ELECTRONIC, CD ROM Services and/or any other future services developed by the CSB.

NEITHER CSB, ABA NOR ANY OF THEIR AFFILIATES MAKE ANY WARRANTIES, EXPRESS OR IMPLIED, AS TO THE ACCURACY, ADEQUACY OR COMPLETENESS OF ANY OF THE INFORMATION CONTAINED IN THE CUSIP DATABASE. ALL SUCH MATERIALS ARE PROVIDED TO SUBSCRIBER ON AN "AS IS" BASIS, WITHOUT ANY WARRANTIES AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE NOR WITH RESPECT TO THE RESULTS WHICH MAY BE OBTAINED FROM THE USE OF SUCH MATERIALS. NEITHER CSB, ABA NOR THEIR AFFILIATES SHALL HAVE ANY RESPONSIBILITY OR LIABILITY FOR ANY ERRORS OR OMISSIONS NOR SHALL THEY BE LIABLE FOR ANY DAMAGES, WHETHER DIRECT OR INDIRECT, SPECIAL OR CONSEQUENTIAL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL THE LIABILITY OF CSB, ABA OR ANY OF THEIR AFFILIATES PURSUANT TO ANY CAUSE OF ACTION, WHETHER IN CONTRACT, TORT, OR OTHERWISE, EXCEED THE FEE PAID BY SUBSCRIBER FOR ACCESS TO SUCH MATERIALS IN THE MONTH IN WHICH SUCH CAUSE OF ACTION IS ALLEGED TO HAVE ARISEN. FURTHERMORE, CSB AND ABA SHALL HAVE NO RESPONSIBILITY OR LIABILITY FOR DELAYS OR FAILURES DUE TO CIRCUMSTANCES BEYOND THEIR CONTROL.

Subscriber agrees that the foregoing terms and conditions shall survive any termination of its right of access to the materials identified above.

7. ISS represents and warrants that it either owns the right to, title to, interest in, or has the right to license, the Services and information, and SERS' proper use of the same will not violate any intellectual property or proprietary rights of another. ISS represents and warrants that all Services will be performed in a workmanlike manner by professionally trained and qualified staff.

8. Information related to voting proxies and research for specific accounts ("Account Information") may be disclosed by SERS and used to comply with applicable law and rules adopted by government agencies, and to manage SERS' accounts and report to each account's owners advisors and service providers or sub-custodian using such Account Information for SERS' benefit. SERS shall not use the Account Information for any other purpose nor disclose the Account Information to other third parties except as required by law or policy.

9. Nothing in this Contract shall in any way constitute a waiver or limitation of SERS' rights under federal or state securities laws or, if applicable, ERISA, which may impose liability on persons who act in good faith.

10. SERS reserves all immunities, defenses, rights or actions arising out of its status as an instrumentality of a sovereign state or entity, or under the Eleventh Amendment to the United States Constitution, and no waiver of any such immunities, defenses, rights or actions shall be implied or otherwise deemed to exist by its entry into the Contract, by any express or implied provision of the Contract or by any actions or omissions to act of SERS or any representative or agent of SERS, whether taken pursuant hereto, prior to or after the entry by SERS in the Contract. ISS agrees that any claim asserted against SERS shall only be brought before and subject to the exclusive jurisdiction of the Board of Claims pursuant to Section 1721 *et seq.* of Title 62 of Pa. Statutes.