



PENNSYLVANIA
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REQUEST FOR PROPOSALS FOR

Executive Search Firm

ISSUING OFFICE

**Pennsylvania Treasury Department
Bureau of Support Services
Procurement Division
Room 3T-A, Finance Building
Harrisburg, PA 17120-0018**

RFP NUMBER

RFP 16-003

DATE OF ISSUANCE

January 6, 2017



REQUEST FOR PROPOSALS (RFP)
FOR
EXECUTIVE SEARCH FIRM

TABLE OF CONTENTS

CALENDAR OF EVENTS	3
Part I—GENERAL INFORMATION	4
Part II—PROPOSAL REQUIREMENTS	10
Part III—CRITERIA FOR SELECTION	12
Part IV—WORK STATEMENT	13
LIST OF ATTACHMENTS & APPENDICES	17



CALENDAR OF EVENTS

The Pennsylvania Treasury Department will make every effort to adhere to the following schedule:

Activity	Responsibility	Date
Issue of RFP 16-003 posted to www.patreasury.gov	Issuing Office	January 6, 2017
Deadline to submit Questions via email to: RFP16-003@patreasury.gov	Vendors	January 12, 2017
Answers to Potential Vendor questions will be send to master vendor list and posted to www.patreasury.gov no later than this date.	Issuing Office	January 19, 2017
Sealed proposal must be received by the Issuing Office at: <p style="text-align: center;">Pennsylvania Treasury Department Bureau of Support Services Procurement Division Room 3T-A, Finance Building Harrisburg, PA 17120-0018 Attention: Mark Lavelle</p>	Vendors	January 25, 2017 10 a.m. EST

PART I

GENERAL INFORMATION

I-1. Purpose

This request for proposals (“RFP”) provides those Executive Search Firms (“Firms”) interested in submitting a proposal to the Pennsylvania Treasury Department (“Treasury”) to assist in the search for a new Chief Investment Officer (“CIO”).

I-2. Scope

Treasury intends to select a Firm to conduct a search for a new CIO.

This RFP contains instructions governing the requested proposals, including the requirements for the information and material to be included; a description of securities; requirements which vendors must meet to be eligible for consideration; general evaluation criteria; and such other requirements specific to this RFP.

I-3. Issuing Office

Treasury is the "Issuing Office." The sole point of contact for this RFP shall be Mark Lavelle, Chief Administrative Officer (“Issuing Officer”). Please refer all inquiries to the Issuing Officer by email at RFP16-003@patreasury.gov.

I-4. Service Requirement / Need

Treasury is seeking proposals to procure a Firm to conduct the search for a new Treasury CIO. The CIO will be expected to manage Treasury’s approximately \$16 billion investments.

I-5. Questions and Answers

Vendors must submit questions by email (with the subject line **RFP 16-003 Questions**) to the Issuing Officer. The Vendor shall not attempt to contact the Issuing Officer by any other means. Given the brevity of the response period for the RFP, the Issuing Officer cannot commit to reply to all questions that may be submitted. The Issuing Office shall attempt to provide as promptly as feasible answers to questions that, in the judgment of the Issuing Officer, will enhance the ability of all Vendors to provide responsive and competitive proposals. Questions posed closer to the date established for the submission of proposals are less likely to be answered. The Issuing Office will send by email a copy of questions and corresponding answers to every Vendor.

I-6. Pre-proposal Conference

There will be no pre-proposal conference.

I-7. Contracting Terms and Conditions

If the Issuing Office selects a Vendor as a result of this RFP, then the Vendor and the Treasury will enter into a contract.

The Issuing Office, in its sole discretion, may select for negotiations Vendors whose proposals, in the judgment of the Issuing Office, show them to be qualified, responsible and capable of performing the services described in this RFP.

I-8. Electronic Version of RFP

The Issuing Officer will distribute this RFP by providing it via email, as of the date of this RFP. A copy of the RFP will also be made available on Treasury's website (www.patreasury.gov) and a Vendor may use the RFP on the website to respond to the RFP or may request a copy of the RFP from the Issuing Officer by emailing RFP16-003@patreasury.gov. If amendments are made to the RFP they will be posted on Treasury's website and emailed to the Vendors that have identified themselves to the Issuing Officer. The Vendor acknowledges and accepts full responsibility to insure that its proposal responds to the RFP and all subsequent amendments thereto. While not required it is a good practice to email the Issuing Officer to let him know that you would like all subsequent versions of the RFP emailed to you as well as all answers to questions. In the event of a conflict between a version of the RFP in the Vendor's possession and the Issuing Office's final version of the RFP, the Issuing Office's final version shall govern.

I-9. Addenda to RFP

If the Issuing Office deems it necessary to revise any part of this RFP before the proposal response date, the Issuing Office will email updated documents to the Vendors.

I-10. Response Date

To be considered, each vendor must deliver seven hard copies of its:

- i) Technical Submittal,
- ii) Cost Submittal, and
- iii) Small Diverse Business Submittal

proposals to the Issuing Office on or before the time and date specified in the RFP Calendar of Events.

Please remember to allow sufficient mail delivery time to ensure timely receipt of the proposal. If, due to inclement weather, natural disaster, or any other cause, the Issuing Office location to which proposals are to be returned is closed on the proposal response date, the deadline for submission shall be automatically extended until the next business day on which the Department office is open, unless the Vendors are otherwise notified by Treasury. The time for submission of proposals shall remain the same even if the response date is extended. Late proposals will not be considered.

I-11. Incurring Costs

The Issuing Office is not liable for any costs the Vendor incurs in preparation and submission of its proposal, in participating in the RFP process or in anticipation of award of the contract.

I-12. Economy Of Preparation

Vendors should submit proposals that are simple and economical, providing a straightforward, concise description of the Vendor's ability to meet the requirements of the RFP.

I-13. Proposal Contents

- a. Confidential Information. Treasury is not requesting, and does not require, confidential proprietary information or trade secrets to be included as part of Vendors' submissions in order to evaluate proposals submitted in response to this RFP. Accordingly, except as provided herein, Vendors should not label proposal submissions as confidential, proprietary, or trade-secret protected. Any Vendor who determines that it must divulge such protected information as part of its proposal must follow all of the procedures described below:
- (1) Prepare an un-redacted version of the appropriate document.
 - (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.
 - (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 Treasury.
 - (5) Acknowledge that the information may be subject to the Right-to-Know Law.
- b. Treasury Use. All material submitted with the proposal shall be considered the property of Treasury and may be returned only at the Issuing Office's option. Treasury 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 Vendor copyright designations contained on proposals, the Treasury 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.

I-14. Vendor's Representations and Authorizations

By submitting its proposal, each Vendor understands, represents, and acknowledges that:

- a. All of the Vendor's information and representations in the proposal are material and important, and the Issuing Office may rely upon the contents of the proposal in making an award. The Treasury 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 Vendor has arrived at the price(s) and amounts in its proposal independently and without consultation, communication, or agreement with any other Vendor or potential Vendor. This provision has no application to those Vendors who partner to provide a comprehensive solution.
- c. The Vendor 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 a Vendor or potential Vendor for this RFP, and the Vendor 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 Vendor has not attempted, nor will it attempt, to induce any firm or person to refrain from submitting a proposal to this RFP, or to submit a proposal higher than its proposal, or to submit any intentionally high or noncompetitive proposal or other form of complementary proposal.
- e. The Vendor 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 Vendor, the Vendor, its affiliates, subsidiaries, officers, directors, and employees are not currently under investigation by any governmental agency and have not in the last **four (4)** years been convicted or found liable for any act prohibited by State or Federal law in any jurisdiction involving conspiracy or collusion with respect to bidding or proposing on any public contract, except as the Vendor has disclosed in its proposal.
- g. To the best of the knowledge of the person signing the proposal for the Vendor and except as the Vendor has otherwise disclosed in its proposal, the Vendor 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 Vendor that is owed to the Commonwealth.
- h. The Vendor is not currently under suspension or debarment by the Commonwealth, any other State or the Federal government, and if the Vendor cannot so certify, then it shall submit along with its proposal a written explanation of why it cannot make such certification.
- i. The Vendor has not made, under separate contract with the Issuing Office, any recommendations to the Issuing Office concerning the services described in this proposal.
- j. Each Vendor, by submitting its proposal, authorizes Commonwealth agencies to release to the Issuing Office information concerning the Vendor's Pennsylvania taxes, unemployment compensation and workers' compensation liabilities.
- k. Until the selected Vendor receives a fully-executed contract from Treasury, there is no legal and valid contract, in law or in equity, and the Vendor shall not begin to perform.

I-15. Small Diverse Business Information

The Issuing Office encourages participation by small diverse businesses as prime contractors, and encourages all prime contractors to make 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 revenues for sales and services, and \$25 million in gross annual revenues for those businesses in the information technology sales or service business.

A database of Bureau of Small Business Opportunities-certified minority, women, veteran and service-disabled veteran-owned businesses can be accessed from: http://www.portal.state.pa.us/portal/server.pt/community/searching_for_small_diverse_businesses/21094.

I-16. 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 Vendor's proposal. If the Issuing Office later discovers that the Vendor has engaged in any violations of this condition, the Issuing Office may reject the offending Vendor's proposal or rescind its contract award pursuant to terms and conditions.

Each Vendor that submits a proposal in response to this RFP agrees, as a condition of submitting the proposal, not to distribute any part of its proposal beyond the Issuing Office. A Vendor who shares information contained in its proposal with other Treasury personnel, a competing Vendor, or any other person may be disqualified.

I-17. Vendor Responsibilities

The selected Vendor must assume responsibility for all services offered in the proposal whether it produces them itself or by subcontract. The Issuing Office will consider the selected Vendor to be the sole point of contact with regard to contractual and contract matters.

I-18. Rejection of Proposals

The Issuing Office reserves the right, in its sole and complete discretion, to reject any or all proposals received in response to this RFP, or to negotiate separately with competing Vendors.

I-19. Discussion for clarifications

Vendors may be required to make an oral or written clarification of their proposals to the Issuing Office to ensure thorough mutual understanding and Vendor responsiveness to the solicitation requirements. The Issuing Office will initiate requests for clarification.

I-20. Notification of Selection

The Issuing Office will notify the selected Vendor in writing of its selection for negotiation after the Issuing Office has determined, taking into consideration all of the evaluation factors, the proposal that is the most advantageous to Treasury.

I-21. Term of Contract

The term of the contract will commence on the effective date and will extend until the completion of the search process, the term of the contract has ended or until the Treasury exercises a termination provision.

Upon the successful completion of negotiations, Treasury will issue a Service Purchase Contract to the selected Vendor. The effective date of the contract will be set forth in the contract and all approvals required by Commonwealth contracting procedures have been obtained.

I-22. Debriefing Conferences

Vendors whose proposals are not selected will be notified of the name of the selected Vendor and given the opportunity to be debriefed. The Issuing Office will schedule the time and location of the debriefing. The debriefing will not compare the Vendor with other Vendors, other than the position of the Vendor's proposal in relation to all other Vendor proposals. A Vendor's exercise of the opportunity to be debriefed does not constitute the filing of a protest.

I-23. News Releases

Vendors shall not issue news releases, internet postings, advertisements or any other public communications pertaining to the awarding of this contract without prior written approval of Treasury.

PART II

PROPOSAL REQUIREMENTS

II-1. General Requirements

Vendors must submit their proposals in the format, including heading descriptions, as outlined below. To be considered, the proposal must respond to all requirements in this part of the RFP. Vendors 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 should be kept separate from and not included in the Technical Submittal. The Issuing Office may, in its sole discretion, reject any Proposal that includes cost data in its Technical Submittal or, if it determines it to be in the best interests of the Commonwealth, redact cost data from the Technical Submittal in order to allow the Evaluation Committee to evaluate it without knowledge of the cost data.

Each Proposal shall consist of **three** (3) separately sealed submittals:

- a. Technical Submittal, which shall be a response to **RFP 16-003**
 - Ten (10) paper copies of the Technical Submittal
 - Two (2) paper copies of the redacted Technical Submittal
 - Two (2) USB drives containing the original and redacted Technical Submittals in PDF format
- b. Cost Submittal, in response to **RFP 16-003**
 - Ten (10) paper copies of the Cost Submittal
 - Two (2) USB drives containing the Cost Submittal in PDF format
- c. Small Diverse Business Participation Submittal, in response to **RFP 16-003**
 - Two (2) paper copies of the Small Diverse Business Participation Submittal
 - Two (2) USB drives containing the Small Diverse Business Participation Submittal in PDF format

The Issuing Office reserves the right to request additional information which, in the Issuing Office's opinion, is necessary to assure that the Vendor's competence, business organization, and financial resources are adequate to deliver the RFP requirements.

The Issuing Office may make investigations as deemed necessary to determine the ability of the Vendor to deliver and support the solution, and the Vendor 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 Vendor fails to satisfy the Issuing Office that such Vendor is properly qualified to carry out the services described in this RFP.

II-2. Technical Submittal

- a. **Statement of the Problem:** State in succinct terms your understanding of the services to be delivered in connection with this RFP.
- b. **Vendor Qualifications:** Provide documentation and other evidence as required in Part IV-3 of this RFP.

- c. **Services to be Provided:** Provide documentation and other evidence that you are able to complete the services required by this RFP, as listed Part IV-4 of this RFP.

III-3. Cost Submittal

The cost submittal must be a flat rate proposal. Treasury will not pay any additional costs including but not limited to: travel, research fees, and other miscellaneous items.

PART III
CRITERIA FOR SELECTION

III-1. Mandatory Responsiveness Requirements

To be eligible for selection, a proposal must be:

- a. Timely received from the Vendor; and
- b. Properly signed by the Vendor.

III-2. Nonconforming Proposals

The Issuing Office reserves the right, in its sole discretion, to waive technical or immaterial nonconformities in a Vendor's proposal.

III-3. Evaluation Committee

Proposals will be reviewed and evaluated by a committee of qualified personnel selected by Treasury. This committee will recommend for selection the proposal which it determines is the most advantageous to Treasury after considering all of the evaluation factors.

III-4. Criteria for Selection

The technical submittal will be evaluated based on the Vendor's qualifications, experience, staffing, and competency, and its ability to achieve the objectives.

The cost submittal will be evaluated based on the total cost of the fee proposed by vendor.

III-5. Vendor Responsibility

To be responsible, a Vendor must submit a responsive proposal and possess the capability to fully perform under the contemplated contract. Vendor shall not have any conflicts that prevent it from fully performing an executive search on behalf of Treasury. The Issuing Office will award a contract only to a Vendor determined to be responsible in accordance with the most current version of Commonwealth Management Directive 215.9, Contractor Responsibility Program.

PART IV
WORK STATEMENT/REQUIREMENTS

IV-1. Objectives

Treasury is seeking proposals from Executive Search Firms for a candidate search and the eventual hiring of a Chief Investment Officer (“CIO”) of multi-billion dollar externally and internally managed funds. The CIO will work with senior staff and report to the State Treasurer. The CIO will provide advice and critical analysis of proposed investment opportunities as well as investment performance involving Commonwealth funds and the various public retirement boards on which the Treasurer or his designee serves.

IV-2. Treasury Funds Background

Treasury is an independent agency responsible for the receipt and disbursement of funds by the Commonwealth, as well as the deposit, investment, and safekeeping of money and securities belonging to the Commonwealth. The State Treasurer is an independently elected state office holder and head of Treasury.

Pursuant to the Fiscal Code and various enabling statutes, the Treasurer serves as statutory custodian of the funds of virtually all state agencies, which totals approximately \$100 billion. This total includes funds belonging to the Public School Employees’ Retirement System (PSERS) and the State Employees’ Retirement System (SERS), the investment of which is under the exclusive control of the PSERS and SERS trustees.

In addition to its custodial functions, Treasury is directly responsible for investing money deposited in Treasury bank accounts for most state agencies. The Treasurer has broad authority to place this money in any investments, including equity securities and mutual funds, subject to the liquidity needs of the Commonwealth and standards that prudent persons would follow in the management of their own funds. The authority to invest in equities and mutual funds will expire under current law on December 31, 2019.

Treasury’s CIO responsibilities are distinguished from that of traditional pension fund or major endowment CIO’s duties as most of Treasury’s assets are statutorily required to be managed in a manner that satisfies the liquidity needs of the Commonwealth. Treasury’s CIO would be expected to provide critical analysis and advise as to proposed investment deals, structures and asset allocation strategies for each public pension board on which the Treasurer or his designee serves. Treasury’s CIO oversees the Department’s internal investment advisory committee and reviews all proposed investment opportunities and presents them to relevant staff for consideration. Treasury’s CIO would provide advice to the Treasurer and senior management as to Commonwealth fiscal matters including debt issuances, fund transfers and cash flow issues related to each of the Commonwealth funds, including the General Fund, over which the Treasurer serves as sole statutory custodian.

Much of the money invested at the direction of the Treasurer is placed in one of two large investment pools. One of these pools holds exclusively short-term U.S. government securities, prime-rated commercial paper, and repurchase agreements backed by U.S. government

obligations. This provides a high level of liquidity for state agencies needing quick access to funds. The other pool, in addition to providing liquidity by holding such short-term assets, also invests money accumulated beyond the ordinary cash needs of state agencies in a well-diversified mix of public market securities (stocks and bonds) plus other strategies, such as exchange traded funds (ETFs), REITs, credit products, and absolute return funds.

Treasury also invests the Tuition Account Program Guaranteed Savings Plan Funds (“TAP”) which is maintained in a separate investment pool. This pool totals approximately \$1 billion dollars and Treasury is responsible for the long-term investing of this money for TAP account holders and for ensuring there is adequate cash to meet the tuition needs.

The Fiscal Code sets forth Treasury’s legal investment standard as a prudent investor standard. (72 P.S. § 301.1). Treasury’s investments also must adhere to Treasury’s Investment Policy as well as other state and federal law and regulations as may be required. Presently, Treasury has approximately 27 active investment managers including two fund of fund managers.

Treasury’s investment office consists of 25 employees and five divisions: internal fund management, banking, custody, financial analysis, and compliance.

Treasury is headquartered in Harrisburg, Pennsylvania.

IV-3. Vendor Qualifications

Contractor Capabilities.

Vendors shall demonstrate experience in the following:

1. Have at least ten (10) years’ experience in recruiting for top level government investment professionals;
2. Demonstrate a plan to replace key personnel and maintain timeframes if current key personnel become unavailable;
3. Have capability to conduct face to face interviews or interviews with candidates using video technology;
4. Provide company policy that demonstrates the ethical behavior and integrity expectations of employees;
5. Provide one key point person who will be responsible for working with Treasury; and
6. Respond to questions from Treasury within twenty-four hours.

IV-4. Tasks. Describe in narrative form your work place for accomplishing the following identified tasks. A plan for the entire process, including time frames/dates and personnel who will be involved, if necessary, during each phase of the plan is to be produced.

Vendors shall provide the following:

1. Their plan to meet and interview executive staff to conduct needs analysis, to define job specifications and criteria, and to develop and establish a recruitment strategy; listen to and incorporate Treasury's needs and point of view concerning qualities of candidates;
2. Their plan and timeline to actively advertise and recruit for well-qualified candidates; provide a list of advertisement resources that will be utilized;
3. Their plan to coordinate all travel arrangements with company personnel involved in the search, as well as with candidates being considered for the position;
4. Their plan and timeline to conduct national background/reference checks of candidates;
5. Their plan and methods to interview, evaluate, and recommend final candidates to Treasury executive staff and board members;
6. Their plan to remain available to Treasury's executive staff when final well-qualified candidates are interviewed;
7. Their plan to rate candidates, including criteria used to evaluate candidates;
8. Their projected time frame for the project, from beginning to end in a timeline chart format;
9. Their plan to process and handle all correspondence such as interview notices and rejections, non-selection notices, and traveling arrangements with interested and potential candidates;
10. Confirm that the firm has no pending or contemplated adverse litigation involving Treasury. The firm must disclose any past litigation it has had against any Commonwealth agency within the last fifteen (15) years;
11. Disclose all lawsuits filed by former clients against the firm within the last (15) years;
12. Disclose all lawsuits filed by the firm against former clients within the last fifteen (15) years; and
13. Please identify any relationship or activity of the firm that may present an actual or appearance of a conflict of interest.

IV-5. Reports and Project Control. Throughout the term of the contract, the selected Offeror shall perform and provide the following:

- A. Status Report.** A weekly progress report covering activities, problems and recommendations that includes search status and all candidate names. This report should be keyed to the work plan the Offeror developed in its proposal, as amended or approved by the Issuing Office.
- B. Final Report.** A final report including the following:
 1. A summary of the results of the search that includes the analytical techniques used to evaluate candidates.
 2. A description of the advertisement sources and techniques used to evaluate candidates.

LIST OF ATTACHMENTS & APPENDICES

Section	Title	Description
Appendix A	Proposal Cover Sheet	

Appendix A
PROPOSAL COVER SHEET
PENNSYLVANIA TREASURY DEPARTMENT
RFP 16-003

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

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

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

Signature
Signature of an official Authorized to bind the Vendor to the provisions contained in the Vendor's proposal:
Printed Name:
Title:

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