



REQUEST FOR PROPOSALS

**ACTIVE U.S. LARGE CAP CORE EQUITY
INVESTMENT OPTION
FOR THE
STATE OF HAWAII
SECTION 457 DEFERRED COMPENSATION
PLAN**

RFP NO. DCP-16-2

December 23, 2016

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PUBLIC NOTICE TO OFFERORS
(Hawaii Revised Statutes Chapter 103D)

REQUEST FOR PROPOSALS (RFP) No. DCP-16-2.

NOTICE is hereby given that COMPETITIVE SEALED PROPOSALS for an “ACTIVE U.S. LARGE CAP CORE EQUITY INVESTMENT OPTION FOR THE STATE OF HAWAII SECTION 457 DEFERRED COMPENSATION PLAN”, RFP No. DCP-16-2, is being solicited. Proposals shall be mailed or hand-delivered to the Chairperson of the Plan’s Board of Trustees (“**Board**”), at the Department of Human Resources Development (“**HRD**”), 235 S. Beretania Street, Room 1004, Honolulu, Hawaii 96813, and must be received by 3:00 p.m. (HST), February 15, 2017. Deliveries by private mail services such as FedEx or equivalent shall be considered hand-delivered. Proposals shall not be opened publicly, but shall be opened in the presence of persons designated by the Chairperson.

The Request for Proposals (“**RFP**”) may be obtained at no cost, beginning at 9:00 a.m. (HST), December 23, 2016 from the above address or can be mailed by calling (808) 587-1050. Offerors/bidders requesting that the RFP be mailed to them must provide their Federal Express account number or equivalent. The deadline for submission of written questions or requests to amend the RFP is January 12, 2017. A written “Notice of Intent to Submit a Proposal” must be received by the above office by 3:00 p.m., (HST), January 31, 2017, in order to receive official communications from the Board involving the RFP. Questions and the Notice of Intent to Submit a Proposal may be faxed to (808) 587-1107. The Board reserves the right to cancel this RFP, or reject any and all proposals, in whole or in part, when it is in the best interest of the State. The State of Hawaii, Board, and HRD assume no financial responsibility/liability whatsoever for the preparation of any response to this RFP. Additional information on the RFP may be found on our website at <http://www.hawaii.gov/hrd>, or on the Procurement Notices System located on the State Procurement Office website at <http://www.spo.hawaii.gov/>.

Brian T. Moto, Chairperson
Board of Trustees
State of Hawaii
Deferred Compensation Plan

December 23, 2016

I. CALENDAR OF EVENTS

Advertisement	December 23, 2016
Request for Proposals issued	December 23, 2016
Deadline to fax written questions/requests to amend RFP	January 12, 2017
State's responses to questions/requests to amend RFP	January 25, 2017
Deadline to submit a "Letter of Intent to Submit a Proposal"	January 31, 2017
Deadline to submit proposals	February 15, 2017 (by 3:00 P.M. HST)
Proposal review period	February 17 to March 17, 2017
Selection of Priority-Listed Offerors	May 5, 2017
Interviews with Priority-Listed Offerors	Week of May 15, 2017
Deadline to submit best and final offers	May 22, 2017
Selection of Fund	May 31 to June 9, 2017
Contract execution	August 11, 2017
Asset placement date	September 30, 2017

Note: All times specified herein are based on Hawaii Standard Time ("HST").

*Proposals must be received in the office of the Issuing Officer at the Department of Human Resources Development ("HRD") by 3:00 p.m. (HST), **February 15, 2017**. Late proposals shall be rejected and not considered.

The above dates are subject to change at the Board's sole discretion. The Board reserves the right to change any date(s) as deemed necessary and in the best interest of the STATE.

II. INTRODUCTION

A. Background

The State of Hawaii (“**STATE**”) Deferred Compensation Plan (“**Plan**”) has been in existence since 1982. It is a defined contribution plan that is established under section 457 of the Internal Revenue Code and Hawaii Revised Statutes (“**HRS**”) chapter 88E. The Plan’s Board of Trustees (“**Board**”) is responsible for implementing and administering the Plan. The Board has seven trustees, of whom are appointed by the Governor. The Board is placed within the Department of Human Resources Development for administrative purposes.

There are approximately 58,031¹ employees who are eligible to participate in the Plan. The Plan is open to all employees who are members of the STATE’s Employees’ Retirement System and are employed by the STATE, the County of Hawaii, the County of Maui, or the County of Kauai². The Plan currently has approximately 27,601 participants and \$2,092,179,194 in assets (as of September 30, 2016). The total number of participants represents participants who have account balances in the Plan, and includes employed and former employees. The Plan currently offers the following investment products to participants:

Investment Product	Balance (as of 9/30/16)
Income Lifecycle Fund	11,026,468
2015 Lifecycle Fund	21,847,504
2025 Lifecycle Fund	29,147,738
2035 Lifecycle Fund	21,331,470
2045 Lifecycle Fund	15,506,961
2055 Lifecycle Fund	1,829,138
BlackRock US Bond Index	49,812,470
BlackRock US Large Cap Index	272,614,530
BlackRock US Small/Mid Cap Index	41,060,459
BlackRock Non-US Equity Index	13,391,618
Hawaii Stable Value	896,264,539
PIMCO Total Return Fund	76,246,797
JPMorgan Diversified Real Return	1,462,499
Vanguard Wellington Fund	172,476,695
Wellington CIF II Research Value Portfolio	107,089,289
Victory Institutional Diversified Stock Fund	51,773,058
MainStay Large Cap Growth Fund	75,937,007
Harbor Small Cap Value Fund	32,206,577

1 This figure includes eligible employees in the STATE Executive Branch (including the DOE and University), the Judicial and Legislative Branches, the Hawaii Health Systems Corporation, other separate STATE agencies, and the counties of Hawaii, Maui, and Kauai as of September 30, 2016.

2 The City and County of Honolulu does not participate in the Plan.

William Blair Small-Mid Cap Growth	53,168,984
MFS International Value Fund	33,810,741
American Funds EuroPacific Growth Fund	86,514,449
Schroder Emerging Market Equity Fund	7,120,411
Brokerage Window	20,539,791

The Plan's current Third Party Administrator ("**TPA**") is Prudential Retirement Insurance and Annuity Company ("**Prudential**").

B. Investment Option Being Sought

The Board intends to obtain an Active (i.e., actively managed) U.S. Large Cap Core Equity Investment Option to replace the Victory Institutional Diversified Stock Fund. The Board therefore requests that interested parties submit proposals based on the requirements described in this RFP. The Board, with the assistance of Segal Rogerscasey ("**SRC**"), will review the proposals and make its selection in accordance with the provisions of this RFP and STATE law.

The new Active U.S. Large Cap Core Equity Investment Option shall be part of the Plan's core investment options and may be used as a component of the Plan's six (6) target maturity lifecycle portfolios. The lifecycle portfolios consist of the Plan's core investment options, and the asset allocation of each lifecycle fund is based on the target maturity of each portfolio.

The Board reserves the right to select more than one Active U.S. Large Cap Core Equity Investment Option. The Board intends to make this decision prior to finalist interviews.

III. SCOPE OF WORK

The requirements specified in this section are designed to assist the OFFEROR in submitting a proposal that will best meet the needs of the STATE. The requirements presented specify the services to be provided by the successful OFFEROR/CONTRACTOR and the minimum capabilities required.

A. Active U.S. Large Cap Core Equity Investment Option

The Board desires to procure an Active U.S. Large Cap Core Equity investment product.

B. General Information

The following information describes the investment product requirements for the Active U.S. Large Cap Core Equity Investment Option:

1. Organization The firm shall have:
 - a. Been managing assets for at least five (5) years, preferably longer;
 - b. Not been subject of material regulatory enforcement action regarding investment management activities;
 - c. Offer an investment vehicle for the proposed strategy that can be utilized in a daily valued defined contribution plan (i.e., accept daily cash flows); and
 - d. Assurances that the proposed investment strategy vehicle will be available for investment on the asset placement date (on or about September 30, 2017).
2. Investment strategy The firm shall have:
 - a. At least \$500 million in assets under management (includes all investment vehicles for the proposed strategy);
 - b. A well-diversified investment strategy;
 - c. A strong adherence to an Active U.S. Large Cap Core Equity style mandate;
 - d. Invest primarily in publicly listed common stock of U.S. companies;
 - e. A competitive fee schedule/expense ratio; and
 - f. An investment vehicle(s) for the proposed strategy that can accept

approximately \$50 million in a stand-alone investment option mandate. If the Board decides to select more than one Active U.S. Large Cap Core Equity Investment Option, please provide pricing for a \$25 million account and detail any account minimums.

3. Performance The investment option shall have:

- a. A verifiable track record that demonstrates consistent adherence to the stated investment approach;
- b. Risk and return characteristics of historical data that are consistent with its role; and
- c. Net investment return that has outperformed the median Active U.S. Large Cap Core Equity manager universe and the Standard & Poor's 500 Stock Index over a rolling three (3) and five (5) year period.

C. Reports and Annual Meeting

1. Quarterly reports

- a. The CONTRACTOR shall provide quarterly reports to the Board and/or its designees that contain the following information:
 1. Beginning balance for the period (in dollar amount and number of shares);
 2. Contributions and withdrawals for the period;
 3. Earnings or losses for the period, including dividends/capital gains distributions that are reinvested;
 4. Ending balance for the period (in dollar amount and number of shares);
 5. Compensation paid to the Plan's TPA (in dollar amount and number of shares redeemed from each mutual fund);
 6. A comparison of the investment option's performance with its respective peer group's/benchmark's performance; and
 7. Any other information reasonably required by the Board.
- b. These reports shall be provided within fifteen (15) business days after the end of each calendar quarter.

2. Annual reports

- a. The CONTRACTOR shall provide an annual report (or semi-annual if requested) to the Board and/or its designees that summarizes the information in paragraph C.1.a. above, and any other information reasonably required by the Board.
- b. The semi-annual report(s) may be in lieu of an annual report which shall typically cover the periods July 1 to the following June 30, and provided by July 15 of each year.

3. Semi-Annual meeting(s)

- a. The CONTRACTOR shall attend at least one of the Board's semi-annual meeting(s) (typically held in May and October) to make a presentation to the Board on the investment option's performance, market trends, future rates of return, etc.
- b. The CONTRACTOR shall provide the reports above and attend the semi-annual meeting(s) at no cost to the STATE, Plan, or Board.

4. Ad Hoc Reporting

- a. The CONTRACTOR shall be responsible for notifying the Board and/or its designees immediately in writing of any material events (e.g., ownership changes, personnel departures, violation of guidelines, etc.) that potentially could have a negative impact on the investment strategy.

D. Other Services. The CONTRACTOR shall provide other services related to the provision of the investment option as reasonably requested by the Board.

IV. INFORMATION INCLUDED IN PROPOSAL

Please complete the following questions for the Active U.S. Large Cap Core Equity Investment Option that is being proposed by your firm.

A. Company Description/Information

Please provide the following organizational information:

1. Name of company, home office address, name of company contact person to answer questions, contact person's telephone number, fax number, and e-mail address;
2. Year founded: _____;
3. Organizational type (please select one);
 Independent investment firm
 Bank or bank affiliate
 Insurance or insurance affiliate
 Broker affiliate
 Joint venture
 Bank trust department
 Trust company
 Part of a financial conglomerate
4. Please provide a brief history and general description of your firm including but not limited to: year founded, ownership of major shareholders (must add to 100%), ownership structure (provide organization chart), office location(s) and changes of ownership over the last five (5) years;
5. Does your firm have any financial relationships or affiliations with other organizations such as insurance companies, brokerage firms, investment banking companies or mutual fund companies that may represent a conflict of interest as it pertains to the investment strategy that is being proposed for the Plan? Please describe these relationships in detail;
6. State whether the firm is SEC registered under the Investment Advisors Act of 1940. If so, please provide a copy of your most recent Form ADV Parts I and II. If you are not SEC registered, please state why your firm is exempt from registration.
7. Provide documentation (i.e., annual report or audited financial statements) that shows your firm's financial condition for the last two (2) fiscal years.
8. State the length of time the company has been investing tax-exempt assets for retirement plans (e.g., section 457 deferred compensation

plans, 401(k) plans, pension plans, etc.);

9. As of September 30, 2016, please provide the firm's total assets under management: \$_____ (millions);
10. As of September 30, 2016, please provide a breakout of the firm's total assets under management:

	Percentage (%)	Assets (\$ Millions)
Retail	%	\$
Institutional	%	\$
Totals	100.0%	\$

	Percentage (%)	Assets (\$ Millions)
Equity	%	\$
Fixed income	%	\$
Balanced/multi-asset	%	\$
Other	%	\$
Totals	100.0%	\$

11. As of September 30, 2016, please provide a breakout of the firm's number of investment professionals:

	Number
Fund managers	
Analysts	
Client service/marketing/sales	
Other investment professionals	
Total investment professionals	

12. Please describe in detail how your investment professionals are compensated including incentives based on performance, contribution to performance, asset growth, etc.;
13. Describe your firm's ethics and compliance policies including controls in place to limit harmful activities of your investment professionals;
14. State whether your firm has been involved in litigation within the last five (5) years or has any pending litigation arising out of its performance or participation in any section 457 deferred compensation plan, defined contribution plan, or defined benefit plan. Exclude routine interpleader actions, garnishments, and similar routine matters involving participants and beneficiaries that do not reflect on your performance of your obligations and responsibilities to the plan(s). Please explain in detail;
15. State whether your firm has been cited or threatened with citation within

the last five (5) years by federal or state regulators for violations of state or federal law and implementing regulations. Please explain in detail;

16. List three (3) section 457 deferred compensation plans the company provides investment services to with at least 1,000 participants, and the name, title, and telephone number of the persons whom the STATE may contact for reference purposes;
17. State whether the firm has been terminated by a section 457 deferred compensation plan, defined contribution plan, or defined benefit plan client in the past five years. Please explain when, by whom, and under what circumstances;
18. State the number of years the company has been licensed to do business in the State of Hawaii. If not currently licensed, state how long it will take to become licensed. Prior to transacting business in the STATE, the company shall comply with all licensing and registration requirements of federal and/or STATE law;
19. If requested, can you provide a statement of counsel that the service and products you intend to provide are legal and appropriate under relevant STATE and federal regulations, and that the company is licensed to do business in the State of Hawaii, or will be at the time of Contract commencement? and
20. Describe your willingness to work with the Plan's TPA and record keeper to ensure the smooth operation of all Plan functions.

B. Partnerships, Joint Ventures, and Subcontractors

1. If applicable, an OFFEROR shall identify all partners, joint venture partners, and subcontractors that the OFFEROR intends to use in the provision of services under this RFP.
 - a. Note: Once the Contract is executed, an OFFEROR shall not subcontract any of the work to be performed under the Contract, change subcontractors, or assign the Contract to any other person or company without the prior written approval of the STATE.
2. Describe in detail the work that will be performed by the OFFEROR's partners, joint venturers, and subcontractors.

C. General Investment Option Information

Please provide the following information for the proposed Active U.S. Large Cap Core Equity Investment Option:

1. Provide the name of the Active U.S. Large Cap Core Equity strategy that you are proposing;
2. Indicate the types of investment vehicles that are available for the proposed investment strategy, and state minimum investment requirements for each vehicle. (Check all applicable vehicles. Include any vehicles that are closed to new investment.):

 Retail mutual fund (provide ticker symbol(s): _____)
 Institutional mutual fund (provide ticker symbol(s): _____)
 Commingled fund
 Separately managed account
 Other (e.g., limited partnership, offshore vehicle, etc.)
3. Describe in detail the specific investment vehicle that you are proposing for the Active U.S. Large Cap Core Equity Investment Option. Under HRS section 88E-9, investment products in the Plan may include annuities, life insurance, savings accounts, mutual funds, or other types of investment products that are commonly offered in the securities industry (e.g., daily valued commingled trust funds and separately managed accounts) or other deferred compensation plans and are determined by the board to be reasonably prudent investment products. **NOTE: The Board prefers to access the lowest cost investment vehicles that could be eligible to be utilized in a daily valued defined contribution plan.**
4. Provide a detailed description of the style, process, and philosophy for this investment strategy ensuring you address research and analysis, portfolio construction, implementation including buy and sell disciplines, key decisions at each stage of the process and any sub-management agreements;
5. Provide the inception date for the investment strategy: _____;
6. State the internal benchmark that used for the investment strategy (e.g., Standard & Poor's 500 Stock Index): _____;
7. Provide detailed information on key investment professionals (i.e., portfolio managers) that are involved in the management of the investment strategy including a brief description of each individual's title, number of year managing the investment strategy, investment experience, educational background, etc.;
8. Discuss any turnover over the last five (5) calendar years associated with any key investment professionals associated with the management of the investment strategy. For the proposed strategy, provide the name, title, date of departure, and reason for departure for any portfolio management or senior research personnel who left the firm in the past five (5) years;

9. Please provide asset information below for the investment strategy you are proposing (please provide annual and year-to-date information for all investment vehicle types);

Number of Clients and Assets

	12/31/12	12/31/13	12/31/14	12/31/15	9/30/16
Number of clients					
Assets (\$millions)					

Client Gains and Losses – Number

	12/31/12	12/31/13	12/31/14	12/31/15	9/30/16
Gains					
Losses					

Client Gains and Losses – Assets

	12/31/12	12/31/13	12/31/14	12/31/15	9/30/16
Gains (\$millions)					
Losses (\$millions)					

10. Discuss capacity issues as they pertain to the investment strategy being proposed, specifically addressing limitations that have already been established and liquidity guidelines for individual securities held in the investment strategy;
11. Address trading capabilities for U.S. stocks, commenting on how trades are conducted by your firm, those responsible for trading (i.e., dedicated traders or portfolio managers trade) and policies in place to ensure best execution;
12. Please provide detailed fee information on the investment vehicle(s) you are proposing;
- a. If your firm is proposing a mutual fund investment vehicle, please provide the most recent prospectus and annual report for the respective share class being proposed that provides detailed information on all fees associated with the investment strategy (i.e., expense ratio, sales charges, deferred sales charges, etc.). To the extent there are additional fees beyond the expense ratio that would be applied at the participant or Plan level (including but not limited to sales loads, deferred sales charges, other load, redemption fees, short-term trading fees, risk or mortality charges, etc.), OFFERORS shall indicate whether these additional fees would be waived for a section 457 deferred compensation plan and the STATE.

- b. If your firm is proposing a commingled trust fund investment vehicle that is eligible for a daily valued section 457 deferred compensation plan, please provide detailed information on the investment management fee schedule. Please indicate whether custody costs are included in the investment management fee schedule. OFFERORS shall disclose all additional fees that would be assessed at the participant or Plan level (including but not limited to initiation fees, separately charged custody fees, redemption fees, etc. beyond the investment management fee schedule that would be charged the STATE).
 - c. If your firm is proposing a separately managed account investment vehicle, please indicate the investment management fee schedule for the proposed investment strategy. Note: OFFERORS need not include separate fees for custody and daily valuation cost since the STATE shall access its current TPA, Prudential, to supply these services separately.
13. Please provide detailed fee information on the investment vehicle(s) you are proposing;
 14. Describe if there are any participant or Plan level investment transfer or trading restrictions, penalties or short-term trading fees. Include all information on unrestricted or “free” transfers or Plan transfer limits (i.e., percentage of total Plan assets). Describe these restrictions as they relate to investment options offered by your firm and to investment options offered by other investment companies;
 15. Is the investment strategy that you are proposing currently available on Prudential’s administrative platform (i.e., does your firm have a trading agreement in place for the specific investment vehicle that you are proposing)?;
 16. If your proposed investment strategy is not currently on Prudential’s administrative platform, describe your willingness to work with Prudential to get a trading agreement in place;
 17. Describe what effect the discontinuance of enrolling new participants may have on the investment option;
 18. Describe fully the right of the OFFEROR to terminate, assign, or amend any Contract entered into with the Board and the effect of such action on existing participants in this case;
 19. Describe fully the withdrawal conditions, if any, in the event the Contract is terminated by the STATE or at the expiration of the Contract term;

20. Describe fully the right, under your proposed Contract, of the STATE to terminate the Contract prior to its expiration. Please state fully any penalties or market value adjustments that may result from any such termination;
21. If your firm is proposing a mutual fund or commingled fund investment vehicle, describe fully any and all compensation, 12b-1 fees, distribution fees, rebates, sub-transfer fees, refunds, and other types of remuneration (e.g., sub-transfer agency fees) payable from funds or distributors for each investment option to Prudential. Indicate the manner and mode in which your company proposes to pay these;
22. Describe how your company will guarantee to the STATE that said funds and investments shall never be diverted (through business failure or otherwise) by virtue of bonds furnished the STATE, escrow arrangements, securities pledged with the STATE, or otherwise;
23. Describe to what extent the investment option would be registered or made in the name of the STATE rather than your company; and
24. If your answers to the above do not sufficiently cover all the pertinent facts that qualify the company to underwrite or provide investment options to the Plan, please summarize any additional information that should be considered by the Board in making its decision.

D. Specific Investment Strategy Information (please provide information as of September 30, 2016):

1. Does the investment strategy and associated investment vehicle that is being proposed by your firm satisfy the requirements in Part III, "SCOPE OF WORK", of this RFP? If not, please list and describe each requirement that is not satisfied;
2. Investment strategy managed with current objective for ____ years;
3. Indicate the principal investment decision makers (please select one);
 Committee/group of portfolio managers
 One person who sets policy
 Individual portfolio manager
 Computer/quantitative
4. Investment strategy managed by lead portfolio manager(s) for ____ years;

5. Expected excess return over three (3) years (%) vs. Standard & Poor's Stock Index: ____;
6. Expected tracking error over three (3) years (%) vs. Standard & Poor's Stock Index: ____;
7. Investment Philosophy and Process-Equity
 - a. For the investment professionals responsible for managing the product please provide short biographies, including past work experience, years of total investment experience, and degrees and professional designations.
 - b. Who is the person heading the team, or portfolio manager primarily responsible for the proposed product?
 - c. Who is responsible for generating new ideas? Who is responsible for monitoring current names in the portfolio?
 - d. Are responsibilities broken down by sector, industry, market cap, fundamental/quantitative analysis, etc.?
 - e. Who is ultimately responsible for buy/sell decisions? If team based, do certain members have "veto power"?
 - f. For the proposed product, please list any investment professionals who have joined or left the firm during the last 5 years. Please describe the circumstances for their departure and the individual who took over their responsibilities.
 - g. Please describe your investment philosophy and process. Please describe whether your investment process is top-down (determined by country/regional/macro decisions) or bottom up (company specific).
 - h. Please describe the universe from which you select securities.
 - i. Please describe your methodology for creating a subset or "working list" from your universe of eligible securities.
 - j. Please describe your research capabilities, including the function and location of internal research operations and the sources of external research.
 - k. Please describe your portfolio construction process. Please describe your purchase and sale criteria.

- l. Please explain any individual security, industry, sector, or other constraints (minimums and maximums) utilized in the portfolio construction process.
- m. Please state the current number of stocks held in the portfolio. Please also provide an expected range for the number of stocks in the portfolio.
- n. What Index represents the best performance benchmark for your style?
- o. Please explain any significant changes in investment style, process, philosophy, team and/or focus for the proposed product since its inception.
- p. Portfolio Characteristics as of September 30, 2016:

Asset Class	Percentage
Cash & Equivalents	
U.S. Stocks	
Non-U.S. Stocks	
Bonds	
Other	
Total	100%
Trailing Five-Year Average Turnover	
Total Number of Stocks	

8. Investment Risk Management

- a. How does the team define risk?
- b. Please describe your risk management philosophy within the product.
- c. Who manages and monitors the investment risks within the portfolio?
- d. Do you manage against a performance target (e.g. tracking error, risk budget and/or target return)?
- e. Does the Fund hold illiquid securities?
- f. Is the strategy 100% long only?
- g. Does the firm utilize derivatives?

- h. If so, what type of derivatives?
 - i. Are the derivatives used as a source of alpha or hedge? If so, what's the percentage?
 - j. Does the strategy utilize leverage?
- 9. Portfolio Composition/Performance attributions
 - a. Please provide performance attributions for the quarter, YTD, 1-, 3- and 5-years and the past five calendar years.
- 10. Marketing Materials

Please provide a recent pitch book, fact sheet, prospectus and annual report.
- 11. Performance history.
 - a. For OFFERORS proposing a mutual fund investment vehicle, please provide the ticker symbol (net returns for the associated mutual fund will be gathered from Morningstar, Inc.).
 - b. For OFFERORS proposing a commingled trust fund or separately managed account investment vehicle, please provide quarterly returns (net of investment management fees assuming an initial account value of approximately \$50 million) below for the last ten (10) years (or the longest performance history available). Note: OFFERORS proposing a commingled trust fund investment vehicle that charges an additional fee for custody must incorporate those fees into the net of fee return calculation. Please provide a detailed description of estimated fees used in this analysis, as well as gross and net return.

V. COMPENSATION AND PAYMENT OF EXPENSES

- A. The CONTRACTOR shall provide the investment option and other services specified in this RFP at no cost to the STATE. No STATE funds are budgeted for the Plan and no fees shall be paid to the OFFEROR by the STATE.
- B. The OFFEROR shall be compensated solely from the assets of the Plan.
- C. Except as otherwise provided herein, the OFFEROR shall not be entitled to receive, accept, or derive any other income, compensation, or fee (e.g., commissions, benefits, financial incentives, floats, etc.) for the provision of the investment option and other services specified in this RFP without the express written approval of the Board.
- D. Except as otherwise provided herein, the OFFEROR shall not pay or compensate Prudential or any other product provider any income, compensation, or fee (i.e., commissions, benefits, financial incentives, floats, etc.) without the express written approval of the Board; provided that:
 - 1. If your investment strategy provides revenue sharing or other similar expense reimbursement amounts, the Board does not allow Prudential (or any other TPA or product provider) to receive and retain those amounts as additional compensation.
 - 2. Instead, the Board allows Prudential to receive those amounts and disburse them to participants invested in the investment strategy as of a particular date selected by the Board.
 - 3. Thus, no express written approval is required from the Board to pay the amounts to Prudential (or any other TPA) to disburse them to participants in the investment strategy.

VI. ADMINISTRATIVE PROVISIONS

A. STATE Procurement Code

1. This RFP is issued in accordance with the provisions of the STATE's Procurement Code contained in HRS chapter 103D and the administrative rules thereunder (including but not limited to HAR section 3-122-52(d)).
2. All OFFERORS are charged with presumptive knowledge of all requirements of the cited authorities and STATE law.
3. The submission of a properly executed proposal by an OFFEROR shall constitute certification and representation of such knowledge.

B. Issuing Officer

1. This RFP is issued by the STATE/Board.
2. The individual listed below shall be the point of contact from the date this RFP is issued to the date an OFFEROR is selected to be the CONTRACTOR:

Ms. Cynthia Akiyoshi
State of Hawaii Deferred Compensation Plan
Department of Human Resources Development
235 South Beretania Street, Room 1004*
Honolulu, HI 96813

* NOTE: Mailing and delivery address for this RFP only. All correspondence and proposal submittals shall be clearly marked "For RFP No. DCP-16-2".

Telephone: (808) 587-1063
Fax: (808) 587-1107
Email: cynthia.c.akiyoshi@hawaii.gov

C. Procurement Officer

1. The Procurement Officer or his designee shall serve as the STATE's primary liaison with the CONTRACTOR in working with other STATE staff during the term of the Contract. The Procurement Officer or his designee shall provide overall direction during the term of the Contract, and monitor and assess the CONTRACTOR's performance.
2. The Procurement Officer for the Contract is the Chairperson of the Board, currently Mr. Brian T. Moto.

D. OFFEROR's Questions on the RFP

1. If an OFFEROR has any question on the provisions of the RFP, the OFFEROR shall submit its question(s) in writing (typewritten) to the Issuing Officer no later than 3:00 p.m. (HST), January 12, 2017. Questions may be sent by facsimile machine or by email to the Issuing Officer, provided they are received by this date and time.
2. The Issuing Officer shall formally respond in writing to timely submitted written questions received by the date identified in the "Calendar of Events". The Issuing Officer intends to respond by email by the date identified in the "Calendar of Events" to all OFFERORS known to have picked up an RFP.

E. OFFEROR's Requests to Amend the RFP

1. If an OFFEROR desires to amend a requirement of the RFP, the OFFEROR shall identify the amendment and provide justification for the amendment in writing. A request to amend this RFP shall be submitted to the STATE by the date and time identified in the "Calendar of Events".
2. The STATE shall review the request and decide whether to amend the RFP in its sole discretion. Any changes to the RFP shall be made through the issuance of an Addendum to the RFP.

F. STATE Not Responsible for Non-Receipt of Responses by OFFERORS

The STATE and Board shall not be responsible whatsoever for any delays or non-receipt of responses to questions or requests to amend the RFP, or Addendums, by the OFFERORS.

G. RFP Amendments

The STATE reserves the right to amend this RFP any time prior to the closing date for final receipt of proposals (i.e., prior to the date and time identified in the "Calendar of Events").

H. Cancellation of RFP/Rejection of Proposals

1. The STATE reserves the right to cancel the RFP when, in the STATE's opinion, such cancellation is in the best interest of the STATE.
2. The STATE may reject proposals, in whole or in part, and waive any defects, when in the STATE's opinion, such rejection or waiver will be in the best interest of the STATE.
3. The STATE shall not be liable for any costs, expenses, loss of profits, or

damages whatsoever incurred by the OFFERORS in the event this RFP is canceled or a proposal is rejected.

4. Multiple, alternate, or conditional proposals shall not be accepted.

I. Bid Security

No bid security is required to be submitted for this RFP, and no performance or payment security shall be required for the resulting Contract.

J. Certifications Required Prior to Contract Award

1. Tax Clearance and Certifications

- a. Prior to award, the CONTRACTOR shall comply with all STATE laws, rules, and regulations related to tax clearances, and labor and business registration requirements. The CONTRACTOR shall provide valid tax clearance certificates from the STATE Department of Taxation (“**DOTAX**”) and the Internal Revenue Service, a valid “Certificate of Compliance”, Form LIR # 27, issued by the STATE Department of Labor and Industrial Relations (“**DLIR**”), and an original approved “Certificate of Good Standing” from the Business Registration Division (“**BREG**”) of the STATE's Department of Commerce and Consumer Affairs for contract execution.
- b. The CONTRACTOR may use the STATE’s Hawaii Compliance Express (“**HCE**”), which provides an electronic proof of compliance registration process allowing those doing business with the STATE to collectively obtain a tax clearance from the DOTAX, Certificate of Compliance from the DLIR, and a Certificate of Good Standing from BREG. Thus, one certificate, a “Certificate of Vendor Compliance”, may be obtained instead of three.
- c. The HCE provides current compliance status as of the issuance date, and shall be accepted for both contracting and final payment purposes.
- d. The “Certificate of Vendor Compliance” is available at the HCE website: <https://vendors.ehawaii.gov/hce/splash/welcome.html>

2. Certificate Costs

- a. All costs, fees, and expenses of obtaining the above certificates shall be the sole responsibility of the CONTRACTOR, and shall not be reimbursed by the STATE, Plan, or Board whatsoever.

K. Insurance

1. The CONTRACTOR shall maintain insurance acceptable to the STATE in full force and effect throughout the term of the Contract as follows:
 - a. STATE requirements for workers' compensation, temporary disability, unemployment, and prepaid health care insurance coverage; and
 - b. Professional liability insurance coverage - minimum of \$5,000,000.00 per occurrence; provided that this policy shall contain the following clauses:
 1. "The State of Hawaii Deferred Compensation Plan is added as an additional insured with respect to operations and services performed for the State of Hawaii Deferred Compensation Plan."
 2. "It is agreed that any insurance maintained by the State of Hawaii shall only apply in excess of, and not contribute with, the insurance provided by this policy."
2. The CONTRACTOR shall throughout the term of the Contract obtain and keep in force an appropriate errors and omissions liability insurance policy covering the CONTRACTOR against claims that may arise as a consequence of errors or omissions in providing services (including any such claims which may arise in connection with the services provided under the Contract).
3. The CONTRACTOR agrees to deposit with the STATE, on or before the effective date of the Contract, certificate(s) of insurance necessary to satisfy the STATE that the provisions of the Contract have been complied with, and to keep such insurance in effect and provide the certificate(s) of insurance to the STATE during the entire term of the Contract. Upon request by the STATE, the CONTRACTOR shall furnish a copy of the policy or policies.
4. Failure of the CONTRACTOR to provide and keep in force such insurance shall constitute a material default under the Contract, entitling the STATE to exercise any or all of the remedies provided in the Contract (including without limitation terminating the Contract).
5. The CONTRACTOR shall provide at least thirty (30) calendar days' written notice to the Board before any insurance policies described in the Contract is canceled, limited in scope of coverage, or non-renewed.
6. The procuring of any required policy or policies of insurance shall not be

construed to limit the CONTRACTOR's liability hereunder, or to fulfill the indemnification provisions of the Contract. Notwithstanding said policy or policies of insurance, the CONTRACTOR shall be responsible for the full and total amount of any damage, injury, or loss caused by the CONTRACTOR's negligence or neglect in the provision of services under the Contract.

7. The provisions of this paragraph VI.K. shall survive the expiration or earlier termination of the Contract.

L. Americans with Disabilities Act of 1990

1. The CONTRACTOR shall comply with the Americans with Disabilities Act of 1990, as amended ("**ADA**").
2. In its proposal, the OFFEROR shall agree to comply with the ADA in the provision of services under this RFP and the Contract, at no cost to the STATE.

M. Quiet Period

1. OFFERORS and their agents, officers, principals, and employees shall not engage in any written or verbal communication with the STATE, Board, Evaluation Committee, or Board's staff, except for the Issuing Officer, during the procurement and selection process. The process ends at the time the Contract is executed, unless otherwise requested by the Board.
2. OFFERORS shall not engage in any lobbying efforts, or other attempts to influence the STATE, the Board, the Evaluation Committee, or Board's staff in an effort to be selected.
3. Any violation of this paragraph M. may constitute grounds to reject a proposal.

VII. PROPOSAL SUBMISSION INSTRUCTIONS AND REQUIREMENTS

A. Letter of Intent to Submit a Proposal

1. An OFFEROR interested in submitting a proposal is requested to submit a non-binding "Letter of Intent to Submit a Proposal" (see, Appendix "A") to the Issuing Officer on the date and time identified in the "Calendar of Events".
 - a. The "Letter of Intent to Submit a Proposal" may be sent to the Issuing Officer by mail, fax, or email.
 - b. Although the "Letter of Intent to Submit a Proposal" is not mandatory (and the failure to submit it will not preclude an OFFEROR from submitting a proposal), only those OFFERORS who have submitted a "Letter of Intent to Submit a Proposal" shall receive official communications from the STATE.

B. Submission of Proposals

1. To be considered responsive, an OFFEROR's proposal must be for all items specified in this RFP (and any subsequent Addendum(s)). Any proposal offering any other set of terms and conditions contradictory to those included herein (or in any subsequent Addendum) may be rejected without further consideration.
2. An OFFEROR must complete the "Standard Proposal Letter" in Appendix "B", and identify the name and telephone number of a person who may be contacted during the evaluation process to discuss the proposal.
 - a. By signing the "Standard Proposal Letter", the OFFEROR agrees to comply with the requirements of this RFP, and all applicable federal and STATE laws.
 - b. The "Standard Proposal Letter" must be signed by an officer (an original signature is required) who has authority to bind the OFFEROR, and evidence of that authority must be attached and the corporate seal, if any, affixed to the "Standard Proposal Letter".
3. An OFFEROR shall prepare and submit a proposal that fully describes the services, time frame, and compensation that the OFFEROR proposes in response to this RFP. An OFFEROR shall describe how its proposal meets the STATE's requirements on a point-by-point basis as itemized in Part III "SCOPE OF WORK" and Part IV "INFORMATION INCLUDED IN PROPOSAL", and other applicable provisions in this RFP. The description shall be in sufficient detail to enable the STATE to evaluate the services offered. This is in addition to any brochures or printed materials

that may be submitted with this RFP.

- a. The following format shall be used when responding to requirements of this RFP:
 1. Identify the relevant section number and heading;
 2. Repeat the relevant request, condition, or term; and
 3. Provide the response to the matter as appropriate.
 - b. Any supplemental information thought to be relevant, but not applicable to the specified categories, should be provided as an appendix to the proposal.
 - c. All proposal responses must be in accordance with the terms and conditions stated herein. Descriptions may be submitted on additional sheets not provided for in this RFP.
 - d. The OFFEROR shall submit a written proposal in a method as described in this section, paragraph 9 (below). In addition, the Offeror shall submit separate written and electronic proposals that include the Offeror's Executive Summary described below and all exhibits and forms in the proposal.
4. An OFFEROR shall complete the "WAGE CERTIFICATION" form in Appendix "C" and submit it with its proposal.
 5. An OFFEROR is required to submit its proposal using the OFFEROR's exact legal name, as registered in the state in which it is incorporated. Failure to do so may delay proper execution of the Contract. The original proposal response must also contain original signatures, and facsimiles shall not be accepted.
 6. All materials submitted shall become the property of the STATE, unless otherwise noted, and shall not be returned.
 7. The STATE reserves the right to hold all proposals received for a period of ninety (90) days from the date of the proposal opening, during which time they shall be irrevocable, unless otherwise required by law.
 8. Proposals shall be mailed or delivered to the Issuing Officer at the address specified above. Proposals must be received and time-stamped by the Issuing Officer **no later than the date and time indicated in the "Calendar of Events"**.
 - a. Any proposal received after that date and time shall be rejected.

Faxed or e-mailed proposals shall not be accepted or considered for award.

- b. The outside cover of the package containing the proposal shall be marked:

“Proposal Submitted in Response to RFP No. DCP-16-2 for an Active U.S. Large Cap Core Equity Investment Option for the State of Hawaii Section 457 Deferred Compensation Plan (Name, address, and phone number of OFFEROR)”

- c. All proposals must be typewritten or mechanically printed on 8 ½" x 11" paper and in electronic format (i.e., on a CD or flash drive).

- 9. Each qualified OFFEROR shall submit:

- a. One (1) single-sided unbound original of the proposal and five (5) copies (for a total of six (6)) concurrently.
 - 1. Proposals shall be time-stamped upon receipt and shall not be opened publicly.
 - 2. One (1) additional copy (including all exhibits and attachments) shall be sent via email to Segal Rogerscasey at the following email address: SRC_RFP@segalrc.com

The subject line for the email should read State of Hawaii RFP No. DCP-16-2, and all proposals shall be submitted with a cover page as follows:

Segal Rogerscasey
Attention: Glenn Ezard:

“Proposal Submitted in Response to RFP No. DCP-16-2 for an Active U.S. Large Cap Core Equity Investment Option for the State of Hawaii Section 457 Deferred Compensation Plan (Name, address, and fax number of OFFEROR)”

- b. Ten (10) copies of the proposal (including all exhibits, attachments and Executive Summary) in electronic format (i.e., on a CD or flash drive).
- c. A total of sixteen (16) proposals that consist of six (6) proposals in paper format and ten (10) proposals in electronic format.
- d. Sixteen (16) copies of the Executive Summary as specified in this

section, paragraph 13 (below).

10. Any OFFEROR may modify or withdraw a proposal before the opening date indicated in the "Calendar of Events".
11. Trade Secrets/Proprietary Data
 - a. If an OFFEROR considers any part of a proposal a trade secret or proprietary data, the OFFEROR must clearly designate that portion as confidential in order to obtain any protection from disclosure that may be available under HAR section 3-122-58, and HRS chapter 92F. Simply marking a section "confidential" shall not ensure protection. Each sheet of such information must be marked with the following: "This data constitutes a trade secret or proprietary data under HAR section 3-122-58, and/or HRS chapter 92F." Materials shall be readily separable from the proposal in order to facilitate inspection of the non-confidential portion of the proposal.
 - b. OFFERORS shall submit reasons why the marked material constitutes a trade secret or proprietary data under the applicable section or chapter, and attach such justification with the proposal. The OFFEROR's pricing information for this RFP shall be open to public inspection and shall not be regarded as confidential.
12. Costs for Proposal Preparation
 - a. Any and all costs incurred by an OFFEROR in preparing or submitting a proposal, or making a presentation to the Board, shall be the OFFEROR's sole responsibility, and shall not be reimbursed by the STATE or Plan whatsoever.
13. Executive Summary
 - a. An OFFEROR shall also provide an Executive Summary of the OFFEROR's proposal that shall:
 1. Not to exceed three (3) pages in length;
 2. Fully disclose ALL materials facts, terms, and conditions, and include a detailed summary of:
 - a. The OFFEROR's qualifications and experience;
 - b. The OFFEROR's proposed investment strategy;
 - c. The OFFEROR's proposed fees; and

- d. Why the OFFEROR should be selected.
- b. Six (6) copies of the Executive Summary shall be detachable from the OFFEROR's main proposal submitted in paper format. And, one copy of the Executive Summary included in each of the ten (10) copies of the electronic format.

VIII. PROPOSAL EVALUATION AND SELECTION

A. Introduction

1. Only those proposals that substantially meet all of the terms, conditions, and requirements specified in this RFP shall be considered. All other proposals shall be considered non-responsive and shall be eliminated from the evaluation and selection process.
2. The STATE and Board are committed to a fair and impartial evaluation of all proposals received.

B. Evaluation Criteria

The evaluation shall be based on the following criteria and the corresponding point system:

	<u>Criteria</u>	<u>Maximum Points</u>
1.	Stability and quality of the firm	25.0
2.	Investment philosophy	20.0
3.	Construction of the portfolio and adherence to stated investment process	22.5
4.	Strength of overall performance of the product relative to appropriate benchmarks	25.0
5.	Fees/expenses	<u>7.5</u>
	TOTAL	100.0 =====

C. Evaluation Committee

The Board shall be the Evaluation Committee that shall review and evaluate all proposals submitted by the deadline specified in this RFP.

D. Evaluation Process

The evaluation of proposals shall be conducted in six (6) phases:

1. Phase 1 - Initial Classification of Proposals

Proposals shall be classified initially as “acceptable”, “potentially acceptable”, or “unacceptable”. All responsive, responsible OFFERORS who submit “acceptable” or “potentially acceptable” proposals shall be eligible for the priority list in Phase 2.

The purpose of this phase is to determine whether an OFFEROR’s proposal is sufficiently responsive to the RFP to permit a complete evaluation. OFFERORS must submit the “Standard Proposal Letter”, and a proposal that addresses all of the requirements specified in this RFP and is in the format specified in this RFP. Failure to meet these requirements shall be grounds to deem the proposal “unacceptable”.

2. Phase 2 - Establishment of Priority-Listed Offerors

If there are more than three (3) “acceptable” or “potentially acceptable” proposals, the Evaluation Committee (with the assistance of the Board’s Consultant) shall evaluate the proposals under the evaluation criteria above, rank the proposals, and limit the priority list to at least three (3) responsive, responsible OFFERORS who submitted the highest-ranked proposals. Those responsive, responsible OFFERORS who are selected for the priority list shall be referred to as the “Priority-Listed Offerors”.

3. Phase 3 - Interviews with Priority-Listed Offerors

During this phase, the STATE may (in its sole discretion) conduct interviews only with Priority-Listed Offerors during the time period designated in the “Calendar of Events”.

The STATE may require oral presentations from the Priority-Listed Offerors to ensure a thorough, mutual understanding of each proposal. The STATE shall schedule the time and location for these presentations during the time frame in the “Calendar of Events” or as required by the Evaluation Committee. Any Priority-Listed Offeror who is requested to make a presentation but fails to make the presentation on the scheduled date to the Evaluation Committee shall not be considered for the final award. Any and all costs incurred by an OFFEROR in making the presentation shall be the OFFEROR’s sole responsibility and shall not be reimbursed by the STATE or Plan whatsoever.

4. Phase 4 - Submission of Best and Final Offers

To the extent that there is flexibility in pricing for the investment strategy being proposed, Priority-Listed Offerors shall submit their best and final offers by the date and time indicated in the "Calendar of Events". Best

and final offers shall be submitted only once unless it is determined in writing by the STATE to be in the best interest of the STATE to conduct additional discussions, or change the STATE's requirements, and require another submission of best and final offers.

Priority-Listed Offerors that do not submit a best and final offer shall have their immediate previous proposal considered their best and final offer.

5. Phase 5 - Final Evaluation of Proposals

During this phase, the Evaluation Committee (with the assistance of the Board's Consultant) may conduct final evaluations of the Priority-Listed Offeror's best and final offers submitted by the OFFERORS. If best and final offers are not required, the Evaluation Committee (with the assistance of the Board's Consultant) shall conduct final evaluations of the proposals received. Final evaluations may include interviews with the finalists to clarify any further information on each proposal. The STATE may schedule the interviews by telephone (with the assistance of the Board's Consultant) during the time frame in the "Calendar of Events" or as required by the Evaluation Committee.

6. Phase 6 - Recommendation for Award

The Evaluation Committee (with the assistance of the Board's Consultant) shall prepare a short report summarizing its findings and rankings, and shall make the final selection of the CONTRACTOR.

E. Contract Period

1. The successful OFFEROR shall enter into a Contract for a period commencing on or about September 30, 2017, and ending on or about June 30, 2023 (i.e., for approximately five (5) years).
2. Thereafter, the Contract may be automatically extended annually by mutual consent (without the need for written extensions).
3. Either party may elect not to extend the Contract on the expiration or extension date of the Contract; provided that the party electing not to extend must notify the other party in writing at least sixty (60) calendar days prior to the expiration or extension date.

F. Contract Execution

1. The successful OFFEROR shall be required to enter into a formal written Contract in accordance with the laws, rules, and regulations of the STATE.

It is anticipated that the contract shall be executed within approximately ninety (90) days of the date of notification of the award.

2. The STATE intends to incorporate the “General Conditions” in Appendix “D”; provided that the following termination provisions shall also apply:

“a. The STATE may terminate the Contract immediately if:

1. The CONTRACTOR fails to comply with any applicable STATE or federal licensing requirement(s) necessary to provide the services under the Contract;
2. The Plan is discontinued by the STATE, or is disallowed by operation of any STATE or federal law or court order;
3. The award of the Contract to the CONTRACTOR or the Contract itself is deemed invalid by any court or administrative tribunal;

b. Except as otherwise provided in the Contract, if the STATE is dissatisfied with the performance of the CONTRACTOR (or any of its subcontractors), the CONTRACTOR fails to perform its obligations under this Agreement, or the CONTRACTOR otherwise breaches the provisions of the Contract:

1. The STATE shall notify the CONTRACTOR in writing of the STATE’s dissatisfaction, or that the CONTRACTOR has failed to perform or is in breach;
2. The CONTRACTOR shall have thirty (30) calendar days from receipt of the notification to cure the problem to the satisfaction of the STATE;
3. During the thirty (30) day period, the CONTRACTOR shall continue to comply with the requirements of the Contract; and
4. If the CONTRACTOR fails to cure the problem within the thirty (30) day period, the STATE may terminate the Contract immediately thereafter.

c. Upon termination, expiration, or non-renewal of the Contract, the:

1. STATE shall not be liable to the CONTRACTOR (or its approved subcontractors) for any costs, expenses, loss of

profits, or damages whatsoever incurred by the CONTRACTOR (or its approved subcontractors) in the performance of services required under the Contract;

2. STATE shall have the right to secure services in the open market, or from the next OFFEROR whose proposal is deemed most advantageous to the STATE; and
3. The CONTRACTOR shall be required to assist with and fully cooperate with the STATE in transitioning the Plan to another investment company at no cost to the STATE, the Plan, or the Plan's participants.

d. Additional rights and remedies

The rights and remedies provided in this section are in addition to any other rights and remedies provided by law or under the Contract.”

APPENDIX "A"

LETTER OF INTENT TO SUBMIT A PROPOSAL

Mr. Brian T. Moto
Chairperson
Board of Trustees
State of Hawaii Deferred Compensation Plan
c/o Department of Human Resources Development
235 South Beretania Street, #1004
Honolulu, Hawaii 96813

Fax: (808) 587-1107

Dear Mr. Moto:

Re: Request for Proposal No. DCP-16-2: Competitive Sealed Proposals to Select an Active U.S. Large Cap Core Equity Option for the State of Hawaii Section 457 Deferred Compensation Plan

This is to acknowledge that we have reviewed the above-referenced Request for Proposals and intend to submit a proposal.

Name of Company: _____

Address: _____

Contact person: _____

Title: _____

Telephone number: _____ Fax number: _____

Email: _____

The undersigned understands and agrees that:

1. The State of Hawaii ("**State**") reserves the right to cancel the RFP when, in the State's opinion, such cancellation is in the best interest of the State.
2. The State may reject Proposals, in whole or in part, and waive any defects, when in the State's opinion, such rejection or waiver will be in the

best interest of the State.

3. The State shall not be liable for any costs, expenses, loss of profits, or damages whatsoever incurred by the Offerors in the event this RFP is canceled or a proposal is rejected.

Very truly yours,

Name:

Title:

Date: _____

APPENDIX "B"

STANDARD PROPOSAL LETTER

Mr. Brian T. Moto
Chairperson
Board of Trustees
State of Hawaii Deferred Compensation Plan
c/o Department of Human Resources Development
235 South Beretania Street, #1004
Honolulu, Hawaii 96813

Fax: (808) 587-1107

Dear Mr. Moto:

Re: Request for Proposals No. DCP-16-2: Competitive Sealed Proposals to Select an Active U.S. Large Cap Core Equity Option for the State of Hawaii Section 457 Deferred Compensation Plan

The undersigned Offeror hereby submits a proposal in response to RFP No. DCP-16-2 for an Active U.S. Large Cap Core Equity Option for the State of Hawaii ("**State**") Section 457 Deferred Compensation Plan.

The undersigned Offeror understands and agrees that:

1. All services shall be provided in accordance with the RFP, and applicable federal and State laws and rules.
2. The State reserves the right to cancel the RFP when, in the State's opinion, such cancellation is in the best interest of the State.
3. The State may reject Proposals, in whole or in part, and waive any defects, when in the State's opinion, such rejection or waiver will be in the best interest of the State.
4. The State shall not be liable for any costs, expenses, loss of profits, or damages whatsoever incurred by the Offerors in the event this RFP is canceled or a proposal is rejected.

The undersigned Offeror shall answer the following with a "YES" or "NO":

1. The Offeror has read, understands, and agrees to comply with all specified requirements of the RFP. _____
2. The Offeror has read, understands, and agrees to comply with all

applicable federal and State laws in the provision of services under the RFP. _____

3. The Offeror is authorized to transact business in the State of Hawaii.

This "Standard Proposal Letter" must be (a) signed by an individual or individuals authorized to legally bind the Offeror, (b) dated, and (c) affixed with the corporate seal, if any. If the Offeror is a corporation, evidence in the form of a certified copy of a corporate resolution, or certified copy of articles of incorporation or bylaws, shall be submitted showing the individual's authority to bind the corporation. If the Offeror is a partnership or joint venture, each member of the partnership or joint venture must sign this letter, or evidence (in the form of a partnership contractor joint venture agreement) must be submitted showing that the individuals signing the proposal letter have the authority to bind the partnership or the joint venture.

Very truly yours,

Authorized Officer*

Date

Name of Company: _____

Address: _____

Contact Person: _____

Telephone number: _____

Fax number: _____

Email address: _____

Hawaii General Excise Tax Number or Federal I.D. Number

* Please attach to this page notarized evidence of the authority of this officer to submit this proposal.

(affix Corporate Seal here)

APPENDIX "C"

WAGE CERTIFICATION

PROPOSAL FOR "ACTIVE U.S. LARGE CAP CORE EQUITY INVESTMENT OPTION FOR THE STATE OF HAWAII SECTION 457 DEFERRED COMPENSATION PLAN"

To the extent that Hawaii Revised Statutes section 103-55 applies, I hereby certify that if awarded the Contract, the services to be rendered shall be performed under the following conditions:

1. The services to be rendered shall be performed by employees paid at wages or salaries not less than wages paid to public officers and employees for similar work, if similar positions are listed in the classification plan of the State of Hawaii ("**State**") government.
2. All applicable laws of the federal and State governments, including but not limited to workers' compensation, unemployment insurance, payment of wages, and safety, shall be fully complied with.

I understand that all payments required by federal and State laws to be made by employers for the benefit of their employees are to be paid in addition to the base wages required by Hawaii Revised Statutes section 103-55.

Name of Company: _____

Signature: _____

Title: _____

Date: _____

APPENDIX "D"

STATE OF HAWAII GENERAL CONDITIONS

See General Conditions