

**SOLICITATION, OFFER AND AWARD**

1. THIS CONTRACT IS A RATED ORDER UNDER DPAS (15 CFR 700)

RATING

PAGE OF PAGES  
1 69

2. CONTRACT NUMBER	3. SOLICITATION NUMBER TIB-00-R-02	4. TYPE OF SOLICITATION <input type="checkbox"/> SEALED BID (IFB) <input checked="" type="checkbox"/> NEGOTIATED (RFP)	5. DATE ISSUED May 26, 2000	6. REQUISITION/PURCHASE NUMBER
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7. ISSUED BY  
Federal Retirement Thrift Investment Board  
1250 H Street, NW, Suite 200  
Washington, DC 20005

8. ADDRESS OFFER TO (If other than Item 7)

NOTE: In sealed bid solicitations "offer" and "offeror" mean "bid" and "bidder".

**SOLICITATION**

9. Sealed offers in original and See L.1.b copies for furnishing the supplies or services in the Schedule will be received at the place specified in Item 8, or if handcarried, in the depository located in See Block 7 until 4pm local time July 12, 2000

CAUTION - LATE Submissions, Modifications, and Withdrawals: See Section L, Provision No. 52.214-7 or 52.215-1. All offers are subject to all terms and conditions contained in this solicitation.

10. FOR INFORMATION CALL:	A. NAME Mary F. Parker	B. TELEPHONE (NO COLLECT CALLS)		C. E-MAIL ADDRESS
		AREA CODE 202	NUMBER 942-1694	EXT.

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**OFFER (Must be fully completed by offeror)**

NOTE: Item 12 does not apply if the solicitation includes the provisions at 52.214-16, Minimum Bid Acceptance Period.

12. In compliance with the above, the undersigned agrees, if this offer is accepted within \_\_\_\_\_ calendar days (60 calendar days unless a different period is inserted by the offeror) from the date for receipt of offers specified above, to furnish any or all items upon which prices are offered at the price set opposite each item, delivered at the designated point(s), within the time specified in the schedule.

13. DISCOUNT FOR PROMPT PAYMENT	10 CALENDAR DAYS (%)	20 CALENDAR DAYS (%)	30 CALENDAR DAYS (%)	CALENDAR DAYS (%)
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14. ACKNOWLEDGMENT OF AMENDMENTS (The offeror acknowledges receipt of amendments to the SOLICITATION for offerors and related documents numbered and dated):	AMENDMENT NO.	DATE	AMENDMENT NO.	DATE

15A. NAME AND ADDRESS OF OFFEROR	CODE	FACILITY	16. NAME AND TITLE OF PERSON AUTHORIZED TO SIGN OFFER (Type or print)
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15B. TELEPHONE NUMBER AREA CODE NUMBER EXT.	<input type="checkbox"/> 15C. CHECK IF REMITTANCE ADDRESS IS DIFFERENT FROM ABOVE - ENTER SUCH ADDRESS IN SCHEDULE.	17. SIGNATURE	18. OFFER DATE
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**AWARD (To be completed by Government)**

19. ACCEPTED AS TO ITEMS NUMBERED	20. AMOUNT	21. ACCOUNTING AND APPROPRIATION
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22. AUTHORITY FOR USING OTHER THAN FULL AND OPEN COMPETITION: <input type="checkbox"/> 10 U.S.C. 2304(c) ( ) <input type="checkbox"/> 41 U.S.C. 253(c) ( )	23. SUBMIT INVOICES TO ADDRESS SHOWN IN (4 copies unless otherwise)	ITEM
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24. ADMINISTERED BY (If other than Item 7) CODE	25. PAYMENT WILL BE MADE BY CODE
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26. NAME OF CONTRACTING OFFICER (Type or print)	27. UNITED STATES OF AMERICA  (Signature of Contracting Officer)	28. AWARD DATE
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IMPORTANT - Award will be made on this Form, or on Standard Form 26, or by other authorized official written notice.

SECTION B  
SUPPLIES OR SERVICES AND PRICES/COSTS

B.1. SCOPE OF CONTRACT

The Contractor shall receive and invest monies representing Thrift Savings Plan (TSP) cash flows in a manner consistent with the specifications, terms, and conditions set forth in Section C and set forth in the resultant contract; such monies shall be invested in the Contractor's daily-valued, commingled LBA index fund.

B.2. BUSINESS PROPOSAL INSTRUCTIONS

- a. The Business Proposal will consist of those items set forth at L.5, page L-3 of this solicitation, and the Offeror's proposed price to perform the required services set forth in Section C of this solicitation.
- b. Offerors should evaluate all information provided in this solicitation, particularly in Section C, and submit their proposal based on the contract requirements.
- c. Because each proposed price will be evaluated to determine reasonableness, affordability, probable cost to the TSP, and understanding of the magnitude of the effort, each proposed price should be accurate, complete, and well documented. NO FEE INFORMATION IS TO BE INCLUDED IN THE TECHNICAL PROPOSAL. (But see B.3.c.2 below.)
- d. This solicitation requires the Offeror to submit a proposed price for the management of assets in a daily-valued, commingled LBA index fund.
- e. Proposed prices should apply to both the base contract period and the option period. Repricing during the option period is not possible.

B.3. CONTRACT PRICING

- a. Proposed prices must be consistent with the requirements of this section as well as Sections C, L, and M. All pricing must be expressed in basis points, and, except for trading costs that are to be provided in response to the information request, Attachment 1 in Section J, must be included in this section.

- b. Once a proposal is accepted and a contract awarded, additions to the manner and amount of reimbursement for the contract work will not be considered. All proposed prices must include all costs (e.g., labor and material, overhead, and general and administrative expenses and fees) and ancillary charges such as custodian fees or fund enhancements. Pricing for reports or any other requirements must be included in the proposed pricing but may be separately priced.
- c. Specific information regarding proposed pricing which must be provided in order to be considered for award is as follows:

PRICING SCHEDULE  
BASE CONTRACT AND OPTION PERIOD

- 1. Provide the fee or credit schedule, in basis points, for asset management, custody services, and securities lending, for the daily-valued, commingled LBA index fund. The fee or credit schedule will apply to both the base contract period (January 2001 - December 2003) and the option period (January 2004 - December 2005).
  - i. Based on actual history for the proposed fund for the three years ending April 30, 2000, please state, in basis points:
    - A. the securities lending income generated by the fund and how much of such income was credited to the clients in the fund versus that retained by you; and
    - B. the custodian fees charged by the fund.
  - ii. State whether, under your proposal, there is any interaction between the level of management fees charged to the TSP, the portion of the securities lending income of the proposed fund that will be credited to the TSP, or the level of custodian fees that will be charged to the TSP. If not, state the following:
    - A. the schedule of management fees (in basis points) that would be charged on the assets under management;

B. the custodian fees (in basis points) that would be charged to the TSP on the amount of assets under management or the methodology by which the custodian fees would be charged; and

C. the portion of the securities lending income of the proposed fund that would be credited to the TSP versus that retained by you.

iii. If there is any interaction between the level of management fees that will be charged to the TSP, the portion of the securities lending income of the proposed fund that will be credited to the TSP, or the level of custodian fees that will be charged to the TSP, please explain such interactions in sufficient detail to enable us to calculate the level of management fees and custodian fees that would be charged to the TSP on the first \$4.0 billion of assets under management, as well as the level of securities lending income that the TSP will realize on the first \$4.0 billion of assets under management. Provide similar detail for amounts of \$4.5, \$5.0, \$5.5, and \$6.0 billion of assets under management.

2. List all separately priced charges, such as for reports or other services required in the Statement of Work (Section C). **(Trading costs will be evaluated as part of the technical proposal.)**

[END OF SECTION]

SECTION C  
STATEMENT OF WORK

C.1. INTRODUCTION

- a. The Federal Retirement Thrift Investment Board (Board), created by the Federal Employees' Retirement System Act of 1986, administers the Thrift Savings Plan (TSP) for Federal employees. The TSP is a defined contribution plan similar to 401(k) plans in the private sector. As of April 30, 2000, there were over 2.4 million participants in the TSP, and TSP Fund Balances totaled \$96.9 billion.
- b. Currently, TSP participants may invest their contributions or account balance in any combination in three investment funds: the Government Securities Investment (G) Fund, \$31.6 billion; the Common Stock Index Investment (C) Fund, \$61.4 billion; or the Fixed Income Investment (F) Fund, \$3.9 billion. The TSP plans to make two additional investment funds available: The Small Capitalization Stock Index Investment (S) Fund that will track the Wilshire 4500 Stock Index and The International Stock Index Investment (I) Fund that will track the Morgan Stanley Capital International Europe, Australasia and Far East (EAFE) Stock Index.
- c. As of April 30, 2000, the F Fund had .7 million participants. Monthly contributions to the F Fund for the 12 months ending April 30, 2000, averaged \$42.7 million. Although the F Fund receives contributions from Federal agencies on a daily basis, the contributions are not evenly spread throughout the month, due to the payroll cycles of the employing agencies that submit TSP contributions on behalf of their employees. Other significant cash flows are attributable to loans, withdrawals, and interfund transfers. For the 12 months ending April 30, 2000, loans out of the F Fund averaged \$6.2 million per month, withdrawals out of the F Fund averaged \$8.9 million per month, and interfund transfers averaged \$55.5 million per month (into or out of the F Fund; i.e., the average of the absolute values).
- d. In conjunction with the addition of the two new investment funds, the Board plans to convert the TSP from monthly valuation to daily valuation. Thus, at the commencement of performance under this contract, the F Fund assets will be

invested in a daily-valued, commingled LBA index fund managed by the Contractor, that accommodates daily cash flows into and out of the F Fund.

C.2. STATUTORY REQUIREMENTS

Title 5 of the United States Code, §§ 8438, 8477, and 8478, provides the major statutory requirements for TSP investments (see Attachment 2, Section J).

C.3. STATEMENT OF WORK

- a. Use of the term Contractor is intended to apply collectively to the investment manager and any subcontractors or other entities, regardless of affiliation with the manager, whom the manager may retain to provide the services described in this document, including custodian duties.
- b. To fulfill the requirements of this contract, the Contractor shall:
  1. Accept responsibility as a fiduciary pursuant to § 8477 of Title 5 of the United States Code for its acts or omissions in connection with the selection, purchase, investment, retention and disposition of F Fund assets. Handle all fiduciary responsibilities as required by law.
  2. Provide a daily-valued, commingled, Lehman Brothers U.S. Aggregate Bond (LBA) index fund suitable for a tax-qualified plan that accommodates daily cash flows.
  3. Execute trades efficiently. Minimize trading costs and, upon request, provide an explanation of transactions incurring trading costs above LBA index average trading costs.
  4. Achieve, on a time-weighted basis, investment performance that closely tracks that of the LBA index, as measured and published by Lehman Brothers. The Board will monitor tracking performance on a monthly basis.
  5. Receive (or disburse) by wire transfer, and invest (or disinvest) TSP cash flows from (or to) the Board and any Board asset manager(s) as frequently as daily, subject to the discretion of the Board. Cash flows should be invested

as soon as feasible in notes and bonds selected to track the LBA index. Between the time cash flows are received by the Contractor and invested in securities in the LBA index, or otherwise to provide adequate liquidity for the proposed fund, the funds may be invested in any appropriate futures contracts or in secure, high quality, short-term, fixed-income securities (the cash account). References in this Contract to the F Fund are intended to include the TSP's share of fund units, investments in any futures contracts, and the cash account.

6. Provide a daily trade notification deadline that is no earlier than 2:00 p.m. eastern time, with settlement the next business day. Provide pre-notification trading so that TSP purchases and sales are priced at the closing prices of the notes and bonds in the LBA index on the trade date.

7. Maximize earnings on the cash account subject to prudent investment practices for short-term funds.

8. Remit, as frequently as daily, by wire transfer per the Board's instructions, to the Board's account or to any Board asset manager's account, any and all amounts requested to cover TSP cash flow requirements.

9. Provide earliest crediting of all cash inflows and latest debiting of all outflows.

10. Provide through an electronic data file in the format provided by the Board, to the TSP record keeper on each business day, the TSP's share of the proposed fund's total net earnings, in dollars, for that business day. Total net earnings include capital gain or loss (net of trading costs), interest income, securities lending income, any income from the cash account, or any other income. The daily earnings figures are to be transmitted as soon as available each business day but no later than 6:00 p.m. eastern time. Establish procedures for notification of the Board and the TSP record keeper if the earnings figures are not transmitted by 6:00 p.m. eastern time. (In advance of receipt of the initial TSP funds, the Contractor must participate in testing of the process for transmission of the electronic data file containing the daily earnings. Such testing may include earnings for the offered fund based on hypothetical balances provided by the Board, and

provision of any technical assistance required to establish the electronic data link with the Board's record keeping system.)

11. Provide, no later than the next business day after each trade date, transaction summary reports detailing each trade, including number of units purchased, unit value, and trading costs, and also showing interest and other income credited since the last trade date. Provide timely and accurate monthly reports summarizing the status (including detail of assets held), performance and transactions (including realized loss/gain amounts on sales) of the F Fund. Reports will include an explanation of tracking error. Provide a monthly report on terms of new investments made with securities lending collateral. Provide all such reports electronically to the extent and in the format required by the Board. Provide special written or oral reports to the Contracting Officer's Technical Representative at any time during the contract.

12. Provide detailed bills covering management fees, custodian fees, and any other fees.

13. Provide an established securities lending program for the proposed fund. Provide the Board with securities lending policies and investment policies for collateral associated with securities lending. Provide updates as policies are revised.

14. Provide information on any insurance policies that protect the TSP against loss resulting from violations of fiduciary duty or errors and omissions. Provide information demonstrating compliance with the bonding requirements of §8478 of Title 5 of the United States Code.

15. Accept the in-kind transfer of assets from the prior contractor into the proposed fund at a minimal cost to the TSP.

16. Transfer in-kind the assets of the F Fund to a separate or another commingled account on the books of the Contractor or to a separate or commingled account with another contractor at the request of the Board, upon 30 days' written notice.



17. Provide Board staff access to senior investment personnel.

18. Provide the Board's auditor or its contractor(s) access to the firm's personnel, operations and records to perform the Board's annual financial audit and semiannual financial reviews. This includes providing direct confirmations requested by the independent auditor, audited financial statements, and other documents such as audit reports on internal controls.

19. Provide the Department of Labor, or its contractor(s), access to the firm's personnel, operations, and records to perform fiduciary compliance audits(s).

20. Obtain from the Department of Labor any required exemptions from prohibited transaction restrictions contained in the Federal Employees' Retirement System Act of 1986, without charge to the TSP.

[END OF SECTION]

SECTION F  
DELIVERIES OR PERFORMANCE

F.1. BASE PERIOD OF PERFORMANCE

The base period of performance of this contract is from January 1, 2001, to December 31, 2003.

F.2. OPTIONAL PERIOD

- a. This contract has provision for one option of twenty-four months duration subsequent to the expiration of the base period of performance identified in F.1, above. The option is unilaterally exercisable by the Contracting Officer by formal modification of the contract.
- b. In order for the Contracting Officer to exercise the option, he or she must give written notice to the Contractor of the Board's intention to exercise the option at least thirty calendar days prior to the expiration date of the contract. In the event that the Board exercises the option, all terms and conditions of this contract shall remain unchanged.

[END OF SECTION]

SECTION G  
CONTRACT ADMINISTRATION

G.1. CONTRACTUAL INFORMATION

Contractual interpretation and assistance may be obtained by contacting:

Federal Retirement Thrift Investment Board  
1250 H Street, N.W.  
Washington, D.C. 20005-3952

ATTN: Ms. Mary F. Parker  
Phone: (202) 942-1694

G.2. CONTRACTING OFFICER'S TECHNICAL REPRESENTATIVE

- a. The Contracting Officer hereby designates the below named individual as the Contracting Officer's Technical Representative (COTR).

Name: (To be completed at time of award)  
Address: Federal Retirement Thrift Investment Board  
1250 H Street, N.W.  
Washington, DC 20005-3952  
Phone: (To be completed at time of award)

- b. The COTR is responsible for administering the performance of work under this contract. In no event, however, will any understanding, agreement, modification, change order, or other matter deviating from the terms of this contract be effective or binding upon the Board unless formalized by proper contractual documents executed by the Contracting Officer prior to completion of the contract. The COTR is responsible for:

1. Monitoring the Contractor's technical progress, including the surveillance and assessment of performance and recommending to the Contracting Officer changes in requirements;

2. Interpreting the scope of work;
  3. Performing technical evaluation as required;
  4. Performing technical inspections and acceptances required by this contract; and,
  5. Assisting the Contractor in the resolution of technical problems encountered during the performance.
- c. The Contracting Officer is responsible for directing any changes in the terms, conditions, or amounts cited in the contract. (See G.3.c for further discussion.)
- d. For guidance from the COTR to the Contractor to be valid, it must:
1. Be consistent with the description of work set forth in the contract;
  2. Not constitute new assignments of work or change to the expressed terms, conditions, or specifications incorporated into the contract;
  3. Not constitute a basis for an extension to the period of performance or contract delivery schedule; and,
  4. Not constitute a basis for any increase in the contract cost.
- e. The COTR may be changed by the Board at any time without prior notice to the Contractor. The Contracting Officer will give written notice to the Contractor to effect any change in COTRs.

G.3. TECHNICAL DIRECTION

- a. Technical direction, as used herein, will be the overseeing of the Contractor and its staff to ensure compliance with all the requirements of the contract. It will include elaboration of the Statement of Work (Section C) by filling in details or otherwise completing the general description of work set forth by the contract schedule.

- b. No new work assignments which would require the employment of additional personnel, or which would increase or decrease costs or the period of performance, or affect any provision of this contract's costs may be made without prior approval of the Contracting Officer. Work to be performed under this contract shall be subject to the technical direction of the COTR.
- c. The Contractor shall not proceed with any instruction, direction, or request from the COTR which, in the Contractor's opinion, either is not provided for in the contract or would result in an increase to the contract cost. In either such case, the Contractor instead shall immediately notify the Contracting Officer in writing. The Contracting Officer will respond either by issuing an appropriate contract modification or by advising the Contractor in writing that the technical instruction, direction, or request is within the scope of this clause and does not constitute a change under the Changes Clause of the contract. The Contractor shall then proceed immediately with the direction given. Failure to obtain the Contracting Officer's determination regarding any situation governed by this paragraph may result in non-payment, or may necessitate the submission of costly and time-consuming claims under the contract.
- d. A failure of the parties to agree upon the nature of the instruction or direction, or upon the contract action to be taken with respect thereto shall be subject to the provisions of the contract clause titled "Disputes." (See the clause at I.1, page I-2 of this document.)

G.4. INCORPORATION OF CONTRACTOR'S PROPOSAL

It is understood and agreed that the Contractor shall, in meeting the requirements of this contract, perform the work in accordance with the proposal to the Board dated \_\_\_\_\_, as amended \_\_\_\_\_, provided however, that to the extent that any provisions set forth herein are in conflict or inconsistent with any provisions of said proposal, the provisions of this contract shall be controlling and shall supersede the provisions of said proposal.

G.5. ORDER OF PRECEDENCE

The order of precedence for interpretation of the terms, conditions, and requirements of this contract shall be as follows:

- a. Cover Sheet (Standard Form 26 or 33);
- b. PART I - THE SCHEDULE of the contract (Sections B through H);
- c. PART II - CONTRACT CLAUSES of the contract (Section I);  
and,
- d. Contractor's proposal, as clarified and amended.

[END OF SECTION]

SECTION H  
SPECIAL CONTRACT REQUIREMENTS

H.1. BUSINESS PRACTICES AND CONTRACT PERFORMANCE

It is expected that the practices described by the Contractor in its response to the Request for Proposals shall be employed in its performance of the requirements of Section C of the contract. Advance written notice must be given to the Contracting Officer of any change to these practices.

H.2. ADVERTISING

The Contractor shall not advertise TSP participation in the Contractor's managed assets without the Contracting Officer's prior written approval.

H.3. KEY PERSONNEL

- a. The Contractor must include in its proposal, by name and capacity, the key personnel to be assigned to perform and carry out all phases of work under this contract. The Contractor's key personnel include the following:

<u>Name</u>	<u>Capacity</u>
_____	_____
_____	_____
_____	_____

- b. The individuals named above are considered to be key personnel and essential for the successful completion of all work assigned under this contract. In the event any individual on the list of key personnel is to be removed or diverted from this contract, the Contractor must (1) notify the Contracting Officer; (2) supply written justification as to why the individual(s) is being removed or diverted; and, (3) provide information concerning the proposed substitute or replacement including the education, work experience, etc., of each new person. All notification and other information must be submitted to the Contracting Officer at least 14 calendar days in advance of the action.

- c. The Contractor must not, under any circumstances, remove or divert key personnel unless prior written authorization has been granted by the Contracting Officer. The person replacing the key person must have the same or higher qualifications and experience as the person replaced.

H.4. EARLY TERMINATION

This clause supplements the clause included by reference at section I, page I-2, entitled "Termination for Convenience of the Government (Services)(Short Form)(APR 1984)." The Board may exercise its right to terminate the contract for the convenience of the Government during the base period or the option period at any time upon thirty days written notice to the Contractor.

[END OF SECTION]



SECTION I  
CONTRACT CLAUSES

I. CONTRACT CLAUSES INCLUDED BY REFERENCE (FEB 1998)  
(FAR 52.252-02)

This document incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at this address:

<http://www.arnet.gov/far>

(End of clause)

(CAUTION): The Offeror is cautioned not to delete or add any other clause or clauses to the following contract clause list. Such an action may cause the offer to be unacceptable. ("FAR Citation" in the following list refers to the Federal Acquisition Regulation [48 CFR Chapter 1].)

The following clauses are hereby incorporated by reference:

<u>TITLE</u>	<u>FAR CITATION</u>
Definitions (OCT 1995)	52.202-01
Gratuities (APR 1984)	52.203-03
Covenant Against Contingent Fees (APR 1984)	52.203-05
Restriction on Subcontractor Sales to the Government (JUL 1995)	52.203-06
Anti-Kickback Procedures (JUL 1995)	52.203-07
Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity (JAN 1997)	52.203-08
Price or Fee Adjustment for Illegal or Improper Activity (JAN 1997)	52.203-10
Limitation on Payments to Influence Certain Federal Transactions (JUN 1997)	52.203-12
Protecting the Government's Interests when Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (JUL 1995)	52.209-06
Audit and Records - Negotiation (JUN 1999)	52.215-02
Option to Extend Services (NOV 1999)	52.217-08
Option to Extend the Term of the Contract (MAR 2000)	52.217-09

Notice to the Government of Labor Disputes (FEB 1997)	52.222-01
Service Contract Act of 1965, as Amended (MAY 1989)	52.222-41
Fair Labor Standards Act and Service Contract Act - Price Adjustment (Multiple Year and Option Contracts) (MAY 1989)	52.222-43
Service Contract Act - Place of Performance Unknown (MAY 1989)	52.222-49
Restrictions on Certain Foreign Purchases (FEB 2000)	52.225-11
Authorization and Consent (JUL 1995)	52.227-01
Rights in Data - General (JUN 1987)	52.227-14
Rights to Proposal Data - Technical (JUN 1987))	52.227-23
Federal, State and Local Taxes (JAN 1991)	52.229-03
Taxes - Contracts Performed in U.S. Possessions or Puerto Rico (APR 1984))	52.229-05
Payments (APR 1984)	52.232-01
Discounts for Prompt Payment (MAY 1997)	52.232-08
Limitation on Withholding of Payments (APR 1984)	52.232-09
Extras (APR 1984)	52.232-11
Interest (JUN 1996)	52.232-17
Assignment of Claims (JAN 1986)	52.232-23
Prompt Payment (JUN 1997)	52.232-25
Payment by Electronic Funds Transfer other than Central Contractor Registration (MAY 1999)	52.232-34
Disputes (DEC 1998) Alternate I (DEC 1991)	52.233-01
Protest After Award (AUG 1996)	52.233-03
Bankruptcy (JUL 1995)	52.242-13
Changes--Fixed Price, Alternate I (AUG 1987)	52.243-01
Subcontracts (Fixed Price Contracts) (AUG 1998)	52.244-02
Competition in Subcontracting (DEC 1996)	52.244-05
Warranty of Services (APR 1984)	52.246-20
Termination for Convenience of the Government (Services)(Short Form)(APR 1984)	52.249-04
Default (Fixed-Price Supply and Service) (APR 1984)	52.249-08
Computer Generated Forms (JAN 1991) a change in ownership.	52.253-01

[END OF SECTION]

## SECTION J

SECTION J, ATTACHMENT 1  
INFORMATION REQUEST

The information requested below is required to evaluate prospective investment managers/custodians to manage a daily-valued, commingled LBA index fund on behalf of the TSP. Please provide specific and detailed responses to each item in the same order as requested. Provide responses, as applicable, pertaining to the primary contractor and any subcontractor. If information is not provided for an item, it will not receive points in the relevant category.

I. Experience/Organization

- A. Name and location
- B. Type of organization—provide evidence that the firm is a “qualified professional asset manager” as defined in 5 U.S.C. 8438(a)(8) (see Attachment 2 of Section J).
- C.
  - 1. Provide the number of years managing fixed income index funds.
  - 2. Provide the number of years performing custodian services.
  - 3. Provide the number of years managing LBA index funds.
- D.
  - 1. List any person or organization with greater than a two percent share of ownership in your firm.
  - 2. List all firms or organizations affiliated with your firm.
  - 3. If any of the entities listed in I.D.2. are engaged in investment banking, securities broker-dealer operations, or custodian services, describe the relationship with your firm. Describe controls to prevent conflicts of interest from influencing trading, securities valuation, proxy voting, and other functions.

- E. For the following categories of assets under management, provide the size (in dollars) and number of accounts for each year from 1990-1999 (as of December 31), and as of April 30, 2000:
1. Proposed commingled daily valued LBA index fund. (For purposes of sections I and II of this information request, if you plan to provide a "modular" or "tiered" structure (where the TSP owns shares of a commingled fund that owns shares of other commingled fund(s)), the "proposed fund" may be defined to include not only the actual fund in which the TSP owns shares, but also the level of fund(s) at which the F Fund cash flows may be accommodated by cost-free exchange of shares with clients whose cash is flowing in the opposite direction, without the need for exemptive relief from the Department of Labor (pursuant to the Proposed Class Exemption for Cross-trades of Securities by Index and Model-Driven Funds, published in the Federal Register on December 15, 1999, assuming its finalization in substantially the same form as the proposal). In any event, the "proposed fund", its structure, and its relationship to any component fund(s) or to the actual fund in which the TSP will own shares must be fully described in your response. Please also include in your response the size of any component funds of the "proposed fund," as well as the size of the actual fund in which the F Fund will own shares, if different from the "proposed fund".
  2. Total other commingled LBA index funds (excluding the proposed fund), that would be eligible to cross-trade with the proposed fund under the Proposed Class Exemption for Cross-trades of Securities by Index and Model Driven Funds, published in the Federal Register on December 15, 1999.
  3. Total separate LBA index funds/accounts, that would be eligible to cross-trade with the proposed fund under the Proposed Class Exemption for Cross-trading of Securities by Index and Model Driven

Funds, published in the Federal Register on December 15, 1999.

4. Total other equity funds/accounts that would be eligible to cross-trade with the proposed fund under the Proposed Class Exemption for Cross-trades of Securities by Index and Model Driven Funds, published in the Federal Register on December 15, 1999.
- F.
1. Provide the April 30, 2000, balances of the 10 largest accounts in the proposed commingled LBA index fund (names of clients are not needed). List all balances if you have fewer than 10 accounts.
  2. As potential references, provide the names of five defined contribution plan clients (contacts and telephone numbers) in the proposed commingled LBA index fund. List all clients if you have fewer than five defined contribution plans in the proposed fund.
  3. Identify all accounts, with dollar amounts, in the proposed LBA index fund lost in each year, 1995-1999, and through April 30, 2000. Provide the reason(s) for termination.
- G. Do you have a formal research and development process? If so, describe it.
- H. Provide the 1997, 1998, and 1999 annual reports for the proposed commingled LBA index fund, and/or the actual fund in which the TSP would own shares.

## II. Trading

- A. 1. Describe how trading cost are minimized. How do you measure market impact? When are trades executed (e.g., always close of business on trade date; between noon and 4 p.m. on trade date)?

2. Are there uniform trading rules for all clients in each daily-valued, commingled LBA fund (i.e., must all clients in a fund use pre-notification or post-notification trading)?
  3. Are all daily purchases and sales in the proposed fund netted together and then are all other internal pre-notification crossing opportunities netted together before external trading occurs? Will the F Fund cash flow be included in the daily netting of purchases and sales given the F Fund 2:00 p.m. eastern time notification deadline?
- B. Describe the use of futures, if any, in the proposed fund (and/or the actual fund in which the TSP will own shares, if different). Which futures contracts are used? Does the fund maintain a limit on futures? What were the high and low percentages held in futures during the one-year period ending April 30, 2000? Has the fund ever been short futures? If so, explain. Explain any difference in the use of futures at differences levels or modules of the proposed fund, if any.
- C. Note: For paragraphs C through J, assume that the Department of Labor's Proposed class exemption for cross-exemption for cross-trading of securities by index and model-driven funds, published in the Federal Register on December 15, 1999, was in effect for the relevant periods. Explain how you derived your figures relating to cross-trading with other funds managed by your firm.
1. Describe all trading methods used and list brokerage firms with whom ten percent or more of the external trades are made. If preference is given to any firm(s), state the reasons.
  2. Describe procedures for allocating trading costs among accounts.
  3. Based on the proposed fund's actual trading experience from January 1, 1999, through April 30, 2000 (include only client cash flows into and from

the proposed fund, excluding in-kind and fund rebalancing transactions), provide the dollar amount of a daily \$10 million F Fund purchase that, on average, on a pre-notification trade basis (i.e., activity priced at closing stock prices on the trade date), would have been:

- a. Crossed within the proposed fund (as defined pursuant to section I.E.1 of this information request) in which the TSP would participate, totally cost free.
  - b. Crossed with other funds managed by your firm.
  - c. Crossed with other funds managed by other firms.
  - d. Placed in futures.
  - e. Program or portfolio traded through brokers.
  - f. Traded through any other method. Provide the dollar amount that would have been traded using each method.
- D. For each execution method in paragraphs C.3.a to C.3.f, provide the total trading costs (in basis points) that would have been charged to the F Fund under the circumstances described in paragraph C.3.
- E. Based on the proposed fund's actual trading experience from January 1, 1999 through April 30, 2000 (include only client cash flows into and from the proposed fund, excluding in-kind and fund rebalancing transactions), provide the dollar amount of a daily \$5 million F Fund purchase that, on average, on a pre-notification trade basis (i.e., activity priced at closing stock prices on the trade date), would have been:
1. Crossed within the proposed fund (as defined pursuant to section I.E.1 of this information request) in which the TSP would participate, totally cost free.

2. Crossed with other funds managed by your firm.
  3. Crossed with other funds managed by other firms.
  4. Placed in futures.
  5. Program or portfolio traded through brokers.
  6. Traded through any other method. Provide the dollar amount that would have been traded using each method.
- F. For each execution method in paragraphs E.1 to E.6, provide the total trading costs (in basis points) that would have been charged to the F Fund under the circumstances described in paragraph E.
- G. Based on the proposed fund's actual trading experience from January 1, 1999 through April 30, 2000 (include only client cash flows into and from the proposed fund, excluding in-kind and fund rebalancing transactions), provide the dollar amount of a daily \$5.0 million F Fund sale that, on average, on a pre-notification trade basis (i.e., activity priced at closing stock prices on the trade date), would have been:
1. Crossed within the proposed fund (as defined pursuant to section I.E.1 of this information request) in which the TSP would participate, totally cost free.
  2. Crossed with other funds managed by your firm.
  3. Crossed with other funds managed by other firms.
  4. Placed in futures.
  5. Program or portfolio traded through brokers.
  6. Traded through any other method. Provide the dollar amount that would have been traded using each method.



- H. For each execution method in paragraph G.1 to G.6, provide the total trading costs (in basis points) that would have been charged to the F Fund under the circumstances described in paragraph G.
- I. Based on the proposed fund's actual trading experience from January 1, 1999 through April 30, 2000 (include only client cash flows into and from the proposed fund, excluding in-kind and fund balancing transactions), provide the dollar amount of a daily \$2 million F Fund sale that, on average, on a pre-notification trade basis (i.e., activity priced at closing stock prices on the trade date), would have been:
1. Crossed within the proposed fund (as defined in section I.E.1 of this information request) in which the TSP would participate, totally cost free.
  2. Crossed with other funds managed by your firm.
  3. Crossed with other funds managed by other firms.
  4. Placed in futures.
  5. Program or portfolio traded through brokers.
  6. Traded through any other method. Provide the dollar amount that would have been traded using each method.
- J. For each execution method in paragraph I.1 to I.6, provide the total trading costs (in basis points) that would have been charged to the F Fund under the circumstances described in paragraph I.
- K. Based on actual trading results in the proposed fund, on a pre-notification trade basis, provide, for each trade date (i.e., each business day) in the proposed fund, from January 1, 1999 through April 30, 2000, the dollar volume bought and sold (cash only, exclude in-kind and fund rebalancing transactions), the number of clients purchasing shares, and the number of clients selling shares, using each execution method listed in paragraphs C.3.a to C.3.f, and in total. Also provide

the dollar amount for each execution method as a percentage of total trade date transactions. Provide the total trading costs, in basis points, charged on each trade date to a purchasing client and a client selling shares.

- L. Provide monthly cash flows and trading costs in basis points of the most active account (in terms of cash flow relative to account size and frequency of trading), on a prenotification of trades basis) from January 1, 1999, through April 30, 2000. Provide daily cash flows and trading costs for this account from November 1, 1999 through April 30, 2000. Client need not be identified.
- M. Provide monthly cash flows and trading costs in basis points of the largest account in the proposed fund (as of April 30, 2000), on a pre-notification trade basis, from January 1, 1999, through April 30, 2000. Provide daily cash flows and trading costs for this account from November 1, 1999 to April 30, 2000. Client need not be identified.
- N. Provide monthly cash flows and trading costs in basis points of the largest defined contribution plan in the proposed fund (as of April 30, 2000), on a pre-notification trade basis, from January 1, 1999 through April 30, 2000. Provide daily cash flows and trading costs for this account from November 1, 1999, to April 30, 2000. Client need not be identified.

### III. Performance

- A. State whether the proposed fund uses the LBA index returns as its benchmark. (No other benchmark is permissible.
- B. Provide time-weighted returns for the proposed LBA index fund, net of all expenses allocated to all fund participants, for the following periods:
  - 1. Monthly returns from January 1999 through April 2000.

2. Annual returns since the inception of the proposed fund.
- C. Are your returns audited by an outside firm? If so, identify the firm and specify the frequency of the audits. Provide a copy of the most recent audit report.
- D. Indicate the forecasted tracking error for the proposed fund from the LBA index returns. For each year (or portion thereof) since the inception of the proposed fund, explain why the tracking error deviated from the forecasted tracking error. Include all factors causing tracking error, even those that reduced net tracking error for the period.

IV. Fiduciary/Custodian/Administration

A. Fiduciary

1. Describe your internal risk management policies that govern the investment and custody of assets, including in-house and external audit and control procedures. Provide a copy of applicable risk management policies and guidelines.
2. Describe any other policies or practices applicable to the proposed fund for ensuring that fiduciary responsibilities are carried out.
3. Are the firm and/or key personnel of the firm covered by insurance policies against liability for violations of fiduciary duty or errors and omissions? If so, provide the name of the insurance company or companies and the type and amount of coverage afforded by each policy. If not, how would the TSP be protected against such occurrences?
4. Are the firm and/or key personnel of the firm bonded in accordance with the requirements of 5 U.S.C. 8478? If so, provide the name of each bonding company and the type and amount of the bond.

5. Has the Contractor, or any of the individuals listed in response to item IV.C.2., been party to any proceeding brought by the Securities and Exchange Commission within the past five years alleging violation of any law or regulation? If yes, provide details, including status or outcome of proceeding(s).
6. Has the Contractor, or any of the individuals listed in response to item IV.C.2., been sued by any client, ex-client, fiduciary of or participant in a plan which is a client or ex-client, or by the U.S. Department of Labor, within the past five years in an action alleging violation of securities laws or fiduciary duty? If yes, provide details, including the status or outcome of the suit(s).

B. Custodian

1. Identify the custodian, its affiliation with your firm, and the number of years it has been in business. Provide total assets and total fixed income assets in custody, for each year from 1995-1999 (as of December 31, and as of April 30, 2000).
2. Are all custodian fees charged to the proposed fund?
3. Describe pricing of individual securities for fund valuation, including source of price information. If a discrepancy exists between your pricing and the custodian pricing, how is the discrepancy reconciled?
4. Describe controls over the trade settlement process and income collection/reinvestment process.
5. Describe interest crediting practices.
6. Describe the securities lending program in the proposed fund, including a detailed description of controls and a list of firms to which the proposed fund currently lends. Is risk management

integrated across the various components of the securities lending program, i.e. the lending desk, operations and cash management? Is there a separation of duties and independent oversight of the lending program? Provide a copy of all policies or guidelines governing the securities lending program in the proposed fund.

7. How are the borrowers selected? What are the collateral requirements? What is the frequency of mark-to-market? What are the procedures in the event of borrower default? Do you conduct regular simulations of borrower defaults? If so, describe the simulation process. If not, why not?
8. Do you guarantee participants against loss?
9. How is the collateral invested? Provide a copy of all policies or guidelines governing the investment of securities lending collateral.
10. What controls are in place to ensure that the collateral is invested appropriately?
11. What are the guidelines for credit quality requirements for derivative counterparties, interest rate exposure, diversification, liquidity, and determination of suitable investments? How are counterparty exposure limits established? Is compliance with limits and guidelines checked prior to executing a trade or after the fact? Is the lending system integrated globally? Do the different offices use one lending system? Are the limits adjusted on a real-time basis after a loan is made?
12. What types of derivatives are used? How are the transactions structured? What are the procedures for marking to market? How frequently are the derivatives marked to market?

13. How are the derivatives valued? Is the potential exposure to the value of the derivatives from movements in the underlying markets monitored? How many days would it take to liquidate the derivatives?
14. How frequently is securities lending income posted to client accounts in the proposed fund?
15. Are your securities lending income figures audited? If so, how frequently? Enclose the securities lending income audit reports for the proposed fund for 1995-1999, if available.
16. Since inception of the securities lending program:
  - a. Has the proposed fund experienced any losses in principal amount of collateral investments? If so, describe each loss, including dollar amount of investment and loss and reason for the loss. After each loss, what policy changes were made to avoid a similar loss in the future?
  - b. Have lending clients in the proposed fund ever been reimbursed to prevent the realization of a securities lending loss? If so, describe the events resulting in the reimbursement.
  - c. Has the cash collateral fund ever broken the \$1.00 unit value? If so, describe the circumstances.
17. Describe the timing and procedures involved in accommodating client cash flows, including:
  - a. Charges, if any;
  - b. Daily notice requirements, including deadline for trade amount notification;
  - c. Date and time funds are due for purchases and wired for sales of units of the proposed fund;

- d. Accepting client cash flows from two sources, the client and the client's asset manager.
18. At what time is the daily unit value available for the proposed fund? What are your procedures, including client notification, if the unit value is not available by that time? In 1998, 1999, and in 2000 (through April 30), on how many days was the daily unit value for the proposed fund unavailable by that time? Explain the reason for each occurrence and how and when the situation was resolved. Will you be able to meet the TSP's 6:00 p.m. eastern time deadline for transmission of daily earnings?
19. How many days after trade date/month end can the Board expect to receive: (1) transaction summary reports detailing each trade, (2) monthly asset valuation reports, (3) monthly transaction reports, and (4) monthly performance reports (e.g., tracking error and performance measurement reports)? Are you willing to commit to the delivery of the first item on the business day after the trade?
20. Provide sample reports, including samples of standard valuation, transaction, and performance reports. Describe flexibility to provide customized reports. Can all reports be provided electronically (by Internet)?
21. Describe procedures to transfer the F Fund assets to another custodian and manager. To what extent would the transfer be accomplished in-kind? How would you determine the assets to be transferred and the amount of each asset? Include all fees and other charges. Do you accept in-kind transfers into the proposed fund? What are the procedures/requirements?
22. Describe the procedures for ensuring the security of your automated systems.

C. Administration

1. How do you service an account? Provide the names and titles of proposed account representative(s).
2. Provide biographies of executive, investment management, and administrative employees with direct responsibilities for the proposed fund and for the TSP account, including individuals responsible for portfolio management, performance measurement, trading, research, client service, and account administration. For each individual, include education, employment background, number of years with the firm, current responsibilities, professional designations and affiliations. Indicate which of these individuals are designated as "key personnel" under section H.3 of this Request for Proposals.
3. Submit a proposed investment management and custodian agreement. Indicate which, if any, clauses are non-negotiable. Unwillingness to compromise on any clauses unacceptable to the Board could cause an offer to be rejected for final award.

[END OF ATTACHMENT 1]



SECTION J, ATTACHMENT 2,  
TITLE 5 OF THE UNITED STATES CODE

SEC. 8438. INVESTMENT OF THRIFT SAVINGS FUND

- (a) For the purposes of this section -
- (1) the term "Common Stock Index Investment Fund" means the Common Stock Index Investment Fund established under subsection (b)(1)(C);
  - (2) the term "equity capital" means common and preferred stock, surplus, undivided profits, contingency reserves, and other capital reserves;
  - (3) the term "Fixed Income Investment Fund" means the Fixed Income Investment Fund established under subsection (b)(1)(B);
  - (4) the term "Government Securities Investment Fund" means the Government Securities Investment Fund established under subsection (b)(1)(A);
  - (5) the term "International Stock Index Investment Fund" means the International Stock Index Investment Fund established under subsection (b)(1)(E);
  - (6) the term "net worth" means capital, paid-in and contributed surplus, unassigned surplus, contingency reserves, group contingency reserves, and special reserves;
  - (7) the term "plan" means an employee benefit plan, as defined in section 3(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(3));
  - (8) the term "qualified professional asset manager" means -
    - (A) a bank, as defined in section 202(a)(2) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-2(a)(2)) which -
      - (i) has the power to manage, acquire, or dispose of assets of a plan; and
      - (ii) has, as of the last day of its latest fiscal year ending before the date of a determination for the purpose of this clause, equity capital in excess of \$1,000,000;
    - (B) a savings and loan association, the accounts of which are insured by the Federal Deposit Insurance Corporation, which -
      - (i) has applied for and been granted trust powers to manage, acquire, or dispose of assets of a plan by a State or Government

authority having supervision over savings and loan associations; and

(ii) has, as of the last day of its latest fiscal year ending before the date of a determination for the purpose of this clause, equity capital or net worth in excess of \$1,000,000;

(C) an insurance company which -

(i) is qualified under the laws of more than one State to manage, acquire, or dispose of any assets of a plan;

(ii) has, as of the last day of its latest fiscal year ending before the date of a determination for the purpose of this clause, net worth in excess of \$1,000,000; and

(iii) is subject to supervision and examination by a State authority having supervision over insurance companies; or

(D) an investment adviser registered under section 203 of the Investment Advisers Act of 1940 (15 U.S.C. 80b-3) if the investment adviser has, on the last day of its latest fiscal year ending before the date of a determination for the purpose of this subparagraph, total client assets under its management and control in excess of \$50,000,000, and -

(i) the investment adviser has, on such day, shareholder's or partner's equity in excess of \$750,000; or

(ii) payment of all of the investment adviser's liabilities, including any liabilities which may arise by reason of a breach or violation of a duty described in section 8477 of this title, is unconditionally guaranteed by -

(I) a person (as defined in section 8471(4) of this title) who directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the investment adviser and who has, on the last day of the person's latest fiscal year ending before the date of a determination for the purpose of this clause, shareholder's or partner's equity in an

amount which, when added to the amount of the shareholder's or partner's equity of the investment adviser on such day, exceeds \$750,000;

(II) a qualified professional asset manager described in subparagraph (A), (B), or (C); or

(III) a broker or dealer registered under section 15 of the Securities Exchange Act of 1934 (15 U.S.C. 78o) that has, on the last day of the broker's or dealer's latest fiscal year ending before the date of a determination for the purpose of this clause, net worth in excess of \$750,000;

(9) the term "shareholder's or partner's equity", as used in paragraph (8)(D) with respect to an investment adviser or a person (as defined in section 8471(4) of this title) who is affiliated with the investment adviser in a manner described in clause (ii)(I) of such paragraph (8)(D), means the equity shown in the most recent balance sheet prepared for such investment adviser or affiliated person, in accordance with generally accepted accounting principles, within 2 years before the date on which the investment adviser's status as a qualified professional asset manager is determined for the purposes of this section; and

(10) the term "Small Capitalization Stock Index Investment Fund" means the Small Capitalization Stock Index Investment Fund established under subsection (b)(1)(D).

- (b) (1) The Board shall establish -
- (A) a Government Securities Investment Fund under which sums in the Thrift Savings Fund are invested in securities of the United States Government issued as provided in subsection (e);
  - (B) a Fixed Income Investment Fund under which sums in the Thrift Savings Fund are invested in -
    - (i) insurance contracts;
    - (ii) certificates of deposits; or
    - (iii) other instruments or obligations selected by qualified professional asset managers, which return the amount invested and pay interest, at a specified rate or rates, on that amount during a specified period of time;

- (C) a Common Stock Index Investment Fund as provided in paragraph (2);
- (D) a Small Capitalization Stock Index Investment Fund as provided in paragraph (3); and
- (E) an International Stock Index Investment Fund as provided in paragraph (4).
- (2) (A) The Board shall select an index which is a commonly recognized index comprised of common stock the aggregate market value of which is a reasonably complete representation of the United States equity markets.
- (B) The Common Stock Index Investment Fund shall be invested in a portfolio designed to replicate the performance of the index selected under subparagraph (A). The portfolio shall be designed such that, to the extent practicable, the percentage of the Common Stock Index Investment Fund that is invested in each stock is the same as the percentage determined by dividing the aggregate market value of all shares of that stock by the aggregate market value of all shares of all stocks included in such index.
- (3) (A) The Board shall select an index which is a commonly recognized index comprised of common stock the aggregate market value of which represents the United States equity markets excluding the common stocks included in the Common Stock Index Investment Fund.
- (B) The Small Capitalization Stock Index Investment Fund shall be invested in a portfolio designed to replicate the performance of the index in subparagraph (A). The portfolio shall be designed such that, to the extent practicable, the percentage of the Small Capitalization Stock Index Investment Fund that is invested in each stock is the same as the percentage determined by dividing the aggregate market value of all shares of that stock by the aggregate market value of all shares of all stocks included in such index.
- (4) (A) The Board shall select an index which is a commonly recognized index comprised of stock the aggregate market value of which is a reasonably complete representation of the international equity markets excluding the United States equity markets.

- (B) The International Stock Index Investment Fund shall be invested in a portfolio designed to replicate the performance of the index in subparagraph (A). The portfolio shall be designed such that, to the extent practicable, the percentage of the International Stock Index Investment Fund that is invested in each stock is the same as the percentage determined by dividing the aggregate market value of all shares of that stock by the aggregate market value of all shares of all stocks included in such index.
- (c) (1) The Executive Director shall invest the sums available in the Thrift Savings Fund for investment as provided in elections made under subsection (d).  
 (2) If an election has not been made with respect to any sums in the Thrift Savings Fund available for investment, the Executive Director shall invest such sums in the Government Securities Investment Fund.
- (d) (1) At least twice each year, an employee or Member (or former employee or Member) may elect the investment funds referred to in subsection (b) into which the sums in the Thrift Savings Fund credited to such individual's account are to be invested or reinvested.  
 (2) An election may be made under paragraph (1) only in accordance with regulations prescribed by the Executive Director and within such period as the Executive Director shall provide in such regulations.
- (e) (1) The Secretary of the Treasury is authorized to issue special interest-bearing obligations of the United States for purchase by the Thrift Savings Fund for the Government Securities Investment Fund.  
 (2) (A) Obligations issued for the purpose of this subsection shall have maturities fixed with due regard to the needs of such Fund as determined by the Executive Director, and shall bear interest at a rate equal to the average market yield (computed by the Secretary of the Treasury on the basis of market quotations as of the end of the calendar month next preceding the date of issue of such obligations) on all marketable interest-bearing obligations of the United States then forming a part of the public debt which are not due or callable earlier than 4 years after the end of such calendar month.

(B) Any average market yield computed under subparagraph (A) which is not a multiple of one-eighth of 1 percent, shall be rounded to the nearest multiple of one-eighth of 1 percent.

(f) The Board, other Government agencies, the Executive Director, an employee, a Member, a former employee, and a former Member may not exercise voting rights associated with the ownership of securities by the Thrift Savings Fund.

(g) (1) Notwithstanding subsection (e) of this section, the Secretary of the Treasury may suspend the issuance of additional amounts of obligations of the United States, if such issuances could not be made without causing the public debt of the United States to exceed the public debt limit, as determined by the Secretary of the Treasury.

(2) Any issuances of obligations to the Government Securities Investment Fund which, solely by reason of the public debt limit are not issued, shall be issued under subsection (e) by the Secretary of the Treasury as soon as such issuances can be issued without exceeding the public debt limit.

(3) Upon expiration of the debt issuance suspension period, the Secretary of the Treasury shall immediately issue to the Government Securities Investment Fund obligations under chapter 31 of title 31 that (notwithstanding subsection (e)(2) of this section) bear such interest rates and maturity dates as are necessary to ensure that, after such obligations are issued, the holdings of obligations of the United States by the Government Securities Investment Fund will replicate the obligations that would then be held by the Government Securities Investment Fund under the procedure set forth in paragraph (5), if the suspension of issuances under paragraph (1) of this subsection had not occurred.

(4) On the first business day after the expiration of any debt issuance suspension period, the Secretary of the Treasury shall pay to the Government Securities Investment Fund, from amounts in the general fund of the Treasury of the United States not otherwise appropriated, an amount equal to the excess of the net amount of interest that would have been earned by the Government Securities Investment Fund from obligations of the United States during such debt issuance suspension period if -

(A) amounts in the Government Securities Investment Fund that were available for investment in obligations of the United States and were not invested during such debt issuance suspension period solely by reason of the public debt limit had been invested under the procedure set forth in paragraph (5), over

(B) the net amount of interest actually earned by the Government Securities Investment Fund from obligations of the United States during such debt issuance suspension period.

(5) On each business day during the debt limit suspension period, the Executive Director shall notify the Secretary of the Treasury of the amounts, by maturity, that would have been invested or redeemed each day had the debt issuance suspension period not occurred.

(6) For purposes of this subsection and subsection (h) of this section -

(A) the term "public debt limit" means the limitation imposed by section 3101(b) of title 31; and

(B) the term "debt issuance suspension period" means any period for which the Secretary of the Treasury determines for purposes of this subsection that the issuance of obligations of the United States may not be made without exceeding the public debt limit.

(h) (1) The Secretary of the Treasury shall report to Congress on the operation and status of the Thrift Savings Fund during each debt issuance suspension period for which the Secretary is required to take action under paragraph (3) or (4) of subsection (g) of this section. The report shall be submitted as soon as possible after the expiration of such period, but not later than 30 days after the first business day after the expiration of such period. The Secretary shall concurrently transmit a copy of such report to the Executive Director.

(2) Whenever the Secretary of the Treasury determines that, by reason of the public debt limit, the Secretary will be unable to fully comply with the requirements of subsection (e) of this section, the Secretary shall immediately notify Congress and the Executive Director of the determination. The notification shall be made in writing.

## SEC. 8477. FIDUCIARY RESPONSIBILITIES; LIABILITY AND PENALTIES

- (a) For the purposes of this section -
  - (1) the term "account" is not limited by the definition provided in section 8401(1);
  - (2) the term "adequate consideration" means -
    - (A) in the case of a security for which there is a generally recognized market -
      - (i) the price of the security prevailing on a national securities exchange which is registered under section 6 of the Securities Exchange Act of 1934; or
      - (ii) if the security is not traded on such a national securities exchange, a price not less favorable to the Thrift Savings Fund than the offering price for the security as established by the current bid and asked prices quoted by persons independent of the issuer and of any party in interest; and
    - (B) in the case of an asset other than a security for which there is a generally recognized market, the fair market value of the asset as determined in good faith by a fiduciary or fiduciaries in accordance with regulations prescribed by the Secretary of Labor;
  - (3) the term "fiduciary" means -
    - (A) a member of the Board;
    - (B) the Executive Director;
    - (C) any person who has or exercises discretionary authority or discretionary control over the management or disposition of the assets of the Thrift Savings Fund; and
    - (D) any person who, with respect to the Thrift Savings Fund, is described in section 3(21)(A) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(21)(A)); and
  - (4) the term "party in interest" includes -
    - (A) any fiduciary;
    - (B) any counsel to a person who is a fiduciary, with respect to the actions of such person as a fiduciary;
    - (C) any participant;
    - (D) any person providing services to the Board and, with respect to the actions of the Executive



Director as a fiduciary any person providing services to the Executive Director;

(E) a labor organization, the members of which are participants;

(F) a spouse, sibling, ancestor, lineal descendant, or spouse of a lineal descendant of a person described in subparagraph (A), (B), or (D);

(G) a corporation, partnership, or trust or estate of which, or in which, at least 50 percent of -

(i) the combined voting power of all classes of stock entitled to vote or the total value of shares of all classes of stock of such corporation;

(ii) the capital interest or profits interest of such partnership; or

(iii) the beneficial interest of such trust or estate, is owned directly or indirectly, or held by a person described in subparagraph (A), (B), (D), or (E);

(H) an official (including a director) of, or an individual employed by, a person described in subparagraph (A), (B), (D), (E), or (G), or an individual having powers or responsibilities similar to those of such an official;

(I) a holder (directly or indirectly) of at least 10 percent of the shares in a person described in any subparagraph referred to in subparagraph (H); and

(J) a person who, directly or indirectly, is at least a 10 percent partner or joint venturer (measured in capital or profits) in a person described in any subparagraph referred to in subparagraph (H).

- (b) (1) To the extent not inconsistent with the provisions of this chapter and the policies prescribed by the Board, a fiduciary shall discharge his responsibilities with respect to the Thrift Savings Fund or applicable portion thereof solely in the interest of the participants and beneficiaries and -

(A) for the exclusive purpose of -

(i) providing benefits to participants and their beneficiaries; and

(ii) defraying reasonable expenses of administering the Thrift Savings Fund or applicable portions thereof;

(B) with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent individual acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like objectives; and

(C) to the extent permitted by section 8438 of this title, by diversifying the investments of the Thrift Savings Fund or applicable portions thereof so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

(2) No fiduciary may maintain the indicia of ownership of any assets of the Thrift Savings Fund outside the jurisdiction of the district courts of the United States.

(c) (1) A fiduciary shall not permit the Thrift Savings Fund to engage in any of the following transactions, except in exchange for adequate consideration:

(A) A transfer of any assets of the Thrift Savings Fund to any person the fiduciary knows or should know to be a party in interest or the use of such assets by any such person.

(B) An acquisition of any property from or sale of any property to the Thrift Savings Fund by any person the fiduciary knows or should know to be a party in interest.

(C) A transfer or exchange of services between the Thrift Savings Fund and any person the fiduciary knows or should know to be a party in interest.

(2) Notwithstanding paragraph (1), a fiduciary with respect to the Thrift Savings Fund shall not -

(A) deal with any assets of the Thrift Savings Fund in his own interest or for his own account;

(B) act, in an individual capacity or any other capacity, in any transaction involving the Thrift Savings Fund on behalf of a party, or representing a party, whose interests are adverse to the interests of the Thrift Savings Fund or the interests of its participants or beneficiaries; or

(C) receive any consideration for his own personal account from any party dealing with sums credited to the Thrift Savings Fund in connection with a transaction involving assets of the Thrift Savings Fund.

- (3) (A) The Secretary of Labor may, in accordance with procedures which the Secretary shall by regulation prescribe, grant a conditional or unconditional exemption of any fiduciary or transaction, or class of fiduciaries or transactions, from all or part of the restrictions imposed by paragraph (2).
- (B) An exemption granted under this paragraph shall not relieve a fiduciary from any other applicable provision of this chapter.
- (C) The Secretary of Labor may not grant an exemption under this paragraph unless he finds that such exemption is -
- (i) administratively feasible;
  - (ii) in the interests of the Thrift Savings Fund and of its participants and beneficiaries; and
  - (iii) protective of the rights of participants and beneficiaries of such Fund.
- (D) An exemption under this paragraph may not be granted unless -
- (i) notice of the proposed exemption is published in the Federal Register;
  - (ii) interested persons are given an opportunity to present views; and
  - (iii) the Secretary of Labor affords an opportunity for a hearing and makes a determination on the record with respect to the respective requirements of clauses (i), (ii), and (iii) of subparagraph (C).
- (E) Notwithstanding subparagraph (D), the Secretary of Labor may determine that an exemption granted for any class of fiduciaries or transactions under section 408(a) of the Employee Retirement Income Security Act of 1974 shall, upon publication of notice in the Federal Register under this subparagraph, constitute an exemption for purposes of the provisions of paragraph (2).
- (d) This section does not prohibit any fiduciary from -
- (1) receiving any benefit which the fiduciary is entitled to receive under this subchapter or subchapter III of this chapter as a participant or beneficiary;
  - (2) receiving any reasonable compensation authorized by this subchapter for services rendered, or for reimbursement of expenses properly and actually incurred,

in the performance of the fiduciary's duties under this chapter; or

(3) serving as a fiduciary in addition to being an officer, employee, agent, or other representative of a party in interest.

- (e) (1) (A) Any fiduciary that breaches the responsibilities, duties, and obligations set out in subsection (b) or violates subsection (c) shall be personally liable to the Thrift Savings Fund for any losses to such Fund resulting from each such breach or violation and to restore to such Fund any profits made by the fiduciary through use of assets of such Fund by the fiduciary, and shall be subject to such other equitable or remedial relief as a court considers appropriate, except as provided in paragraphs (3) and (4) of this subsection. A fiduciary may be removed for a breach referred to in the preceding sentence.
- (B) The Secretary of Labor may assess a civil penalty against a party in interest with respect to each transaction which is engaged in by the party in interest and is prohibited by subsection (c). The amount of such penalty shall be equal to 5 percent of the amount involved in each such transaction (as defined in section 4975(f)(4) of the Internal Revenue Code of 1986) for each year or part thereof during which the prohibited transaction continues, except that, if the transaction is not corrected (in such manner as the Secretary of Labor shall prescribe by regulation consistent with section 4975(f)(5) of such Code) within 90 days after the date the Secretary of Labor transmits notice to the party in interest (or such longer period as the Secretary of Labor may permit), such penalty may be in an amount not more than 100 percent of the amount involved.
- (C) A fiduciary shall not be liable under subparagraph (A) with respect to a breach of fiduciary duty under subsection (b) committed before becoming a fiduciary or after ceasing to be a fiduciary.
- (D) A fiduciary shall be jointly and severally liable under subparagraph (A) for a breach of fiduciary duty under subsection (b) by another fiduciary only if -

- (i) the fiduciary participates knowingly in, or knowingly undertakes to conceal, an act or omission of such other fiduciary, knowing such act or omission is such a breach;
- (ii) by the fiduciary's failure to comply with subsection (b) in the administration of the fiduciary's specific responsibilities which give rise to the fiduciary status, the fiduciary has enabled such other fiduciary to commit such a breach; or
- (iii) the fiduciary has knowledge of a breach by such other fiduciary, unless the fiduciary makes reasonable efforts under the circumstances to remedy the breach.

(E) The Secretary of Labor shall prescribe, in regulations, procedures for allocating fiduciary responsibilities among fiduciaries, including investment managers. Any fiduciary who, pursuant to such procedures, allocates to a person or persons any fiduciary responsibility shall not be liable for an act or omission of such person or persons unless -

- (i) such fiduciary violated subsection (b) with respect to the allocation, with respect to the implementation of the procedures prescribed by the Secretary of Labor (or the Board under section 114 of the Federal Employees' Retirement System Technical Corrections Act of 1986), or in continuing such allocation; or

(ii) such fiduciary would otherwise be liable in accordance with subparagraph (D).

(2) No civil action may be maintained against any fiduciary with respect to the responsibilities, liabilities, and penalties authorized or provided for in this section except in accordance with paragraphs (3) and (4).

(3) A civil action may be brought in the district courts of the United States -

(A) by the Secretary of Labor against any fiduciary other than a Member of the Board or the Executive Director of the Board -

- (i) to determine and enforce a liability under paragraph (1)(A);

- (ii) to collect any civil penalty under paragraph (1)(B);
  - (iii) to enjoin any act or practice which violates any provision of subsection (b) or (c);
  - (iv) to obtain any other appropriate equitable relief to redress a violation of any such provision; or
  - (v) to enjoin any act or practice which violates subsection (g)(2) or (h) of section 8472 of this title;
- (B) by any participant, beneficiary, or fiduciary against any fiduciary -
- (i) to enjoin any act or practice which violates any provision of subsection (b) or (c);
  - (ii) to obtain any other appropriate equitable relief to redress a violation of any such provision;
  - (iii) to enjoin any act or practice which violates subsection (g)(2) or (h) of section 8472 of this title; or
- (C) by any participant or beneficiary -
- (i) to recover benefits of such participant or beneficiary under the provisions of subchapter III of this chapter, to enforce any right of such participant or beneficiary under such provisions, or to clarify any such right to future benefits under such provisions; or
  - (ii) to enforce any claim otherwise cognizable under sections 1346(b) and 2671 through 2680 of title 28, provided that the remedy against the United States provided by sections 1346(b) and 2672 of title 28 for damages for injury or loss of property caused by the negligent or wrongful act or omission of any fiduciary while acting within the scope of his duties or employment shall be exclusive of any other civil action or proceeding by the participant or beneficiary for recovery of money by reason of the same subject matter against the fiduciary (or the estate of such fiduciary) whose act or omission gave rise to such action or proceeding, whether or

- not such action or proceeding is based on an alleged violation of subsection (b) or (c).
- (4) (A) In all civil actions under paragraph (3)(A), attorneys appointed by the Secretary may represent the Secretary (except as provided in section 518(a) of title 28), however all such litigation shall be subject to the direction and control of the Attorney General.
- (B) The Attorney General shall defend any civil action or proceeding brought in any court against any fiduciary referred to in paragraph (3)(C)(ii) (or the estate of such fiduciary) for any such injury. Any fiduciary against whom such a civil action or proceeding is brought shall deliver, within such time after date of service or knowledge of service as determined by the Attorney General, all process served upon such fiduciary (or an attested copy thereof) to the Executive Director of the Board, who shall promptly furnish copies of the pleading and process to the Attorney General and the United States Attorney for the district wherein the action or proceeding is brought.
- (C) Upon certification by the Attorney General that a fiduciary described in paragraph (3)(C)(ii) was acting in the scope of such fiduciary's duties or employment as a fiduciary at the time of the occurrence or omission out of which the action arose, any such civil action or proceeding commenced in a State court shall be -
- (i) removed without bond at any time before trial by the Attorney General to the district court of the United States for the district and division in which it is pending; and
  - (ii) deemed a tort action brought against the United States under the provisions of title 28 and all references thereto.
- (D) The Attorney General may compromise or settle any claim asserted in such civil action or proceeding in the manner provided in section 2677 of title 28, and with the same effect. To the extent section 2672 of title 28 provides that persons other than the Attorney General or his designee may compromise and settle claims, and that payment

of such claims may be made from agency appropriations, such provisions shall not apply to claims based upon an alleged violation of subsection (b) or (c).

(E) For the purposes of paragraph (3)(C)(ii) the provisions of sections 2680(h) of title 28 shall not apply to any claim based upon an alleged violation of subsection (b) or (c).

(F) Notwithstanding sections 1346(b) and 2671 through 2680 of title 28, whenever an award, compromise, or settlement is made under such sections upon any claim based upon an alleged violation of subsection (b) or (c), payment of such award, compromise, or settlement shall be made to the appropriate account within the Thrift Savings Fund, or where there is no such appropriate account, to the participant or beneficiary bringing the claim.

(G) For purposes of paragraph (3)(C)(ii), fiduciary includes only the Members of the Board and the Board's Executive Director.

(5) Any relief awarded against a Member of the Board or the Executive Director of the Board in a civil action authorized by paragraph (3) may not include any monetary damages or any other recovery of money.

(6) An action may not be commenced under paragraph (3)(A) or (B) with respect to a fiduciary's breach of any responsibility, duty, or obligation under subsection (b) or a violation of subsection (c) after the earlier of -

(A) 6 years after (i) the date of the last action which constituted a part of the breach or violation, or (ii) in the case of an omission, the latest date on which the fiduciary could have cured the breach or violation; or

(B) 3 years after the earliest date on which the plaintiff had actual knowledge of the breach or violation, except that, in the case of fraud or concealment, such action may be commenced not later than 6 years after the date of discovery of such breach or violation.

(7) (A) The district courts of the United States shall have exclusive jurisdiction of civil actions under this subsection.



(B) An action under this subsection may be brought in the District Court of the United States for the District of Columbia or a district court of the United States in the district where the breach alleged in the complaint or petition filed in the action took place or in the district where a defendant resides or may be found. Process may be served in any other district where a defendant resides or may be found.

(8) (A) A copy of the complaint or petition filed in any action brought under this subsection (other than by the Secretary of Labor) shall be served on the Executive Director, the Secretary of Labor, and the Secretary of the Treasury by certified mail.

(B) Any officer referred to in subparagraph (A) of this paragraph shall have the right in his discretion to intervene in any action. If the Secretary of Labor brings an action under paragraph (2) of this subsection on behalf of a participant or beneficiary, he shall notify the Executive Director and the Secretary of the Treasury.

(f) The Secretary of Labor may prescribe regulations to carry out this section.

(g) (1) The Secretary of Labor shall establish a program to carry out audits to determine the level of compliance with the requirements of this section relating to fiduciary responsibilities and prohibited activities of fiduciaries.

(2) An audit under this subsection may be conducted by the Secretary of Labor, by contract with a qualified non-governmental organization, or in cooperation with the Comptroller General of the United States, as the Secretary considers appropriate.

SEC. 8478. BONDING

(a) (1) Except as provided in paragraph (2), each fiduciary and each person who handles funds or property of the Thrift Savings Fund shall be bonded as provided in this section.

(2) (A) Bond shall not be required of a fiduciary (or of any officer or employee of such fiduciary) if such fiduciary -

(i) is a corporation organized and doing business under the laws of the United States or of any State;

(ii) is authorized under such laws to exercise trust powers or to conduct an insurance business;

(iii) is subject to supervision or examination by Federal or State authority; and

(iv) has at all times a combined capital and surplus in excess of such minimum amount (not less than \$1,000,000) as the Secretary of Labor prescribes in regulations.

(B) If -

(i) a bank or other financial institution would, but for this subparagraph, not be required to be bonded under this section by reason of the application of the exception provided in subparagraph (A),

(ii) the bank or financial institution is authorized to exercise trust powers, and

(iii) the deposits of the bank or financial institution are not insured by the Federal Deposit Insurance Corporation,

such exception shall apply to such bank or financial institution only if the bank or institution meets bonding requirements under State law which the Secretary of Labor determines are at least equivalent to those imposed on banks by Federal law.

(b) (1) The Secretary of Labor shall prescribe the amount of a bond under this section at the beginning of each fiscal year. Except as otherwise provided in this paragraph, such amount shall not be less than 10 percent of the amount of funds handled. In no case shall such bond be less than \$1,000 nor more than \$500,000, except that the Secretary of Labor, after due notice and opportunity for hearing to all interested parties, and other consideration of the record, may prescribe an amount in excess of \$500,000.

(2) For the purpose of prescribing the amount of a bond under paragraph (1), the amount of funds handled shall be determined by reference to the amount of the funds handled by the person, group, or class to be covered by such bond or by their predecessor or predecessors, if any, during the preceding fiscal year, or to the amount

of funds to be handled during the current fiscal year by such person, group, or class, estimated as provided in regulations prescribed by the Secretary of Labor.

- (c) A bond required by subsection (a) -
- (1) shall include such terms and conditions as the Secretary of Labor considers necessary to protect the Thrift Savings Fund against loss by reason of acts of fraud or dishonesty on the part of the bonded person directly or through connivance with others;
  - (2) shall have as surety thereon a corporate surety company which is an acceptable surety on Federal bonds under authority granted by the Secretary of the Treasury pursuant to sections 9304 through 9308 of title 31; and
  - (3) shall be in a form or of a type approved by the Secretary of Labor, including individual bonds or schedule or blanket forms of bonds which cover a group or class.
- (d) (1) It shall be unlawful for any person to whom subsection (a) applies, to receive, handle, disburse, or otherwise exercise custody or control of any of the funds or other property of the Thrift Savings Fund without being bonded as required by this section.
- (2) It shall be unlawful for any fiduciary, or any other person having authority to direct the performance of functions described in paragraph (1), to permit any such function to be performed by any person to whom subsection (a) applies unless such person has met the requirements of such subsection.
- (e) Notwithstanding any other provision of law, any person who is required to be bonded as provided in subsection (a) shall be exempt from any other provision of law which would, but for this subsection, require such person to be bonded for the handling of the funds or other property of the Thrift Savings Fund.
- (f) The Secretary of Labor shall prescribe such regulations as may be necessary to carry out the provisions of this section, including exempting a person or class of persons from the requirements of this section.

#### SEC. 8478a. INVESTIGATIVE AUTHORITY

Any authority available to the Secretary of Labor under section 504 of the Employee Retirement Income Security Act of 1974 is hereby made available to the Secretary of Labor, and any officer

designated by the Secretary of Labor, to determine whether any person has violated, or is about to violate, any provision of section 8477 or 8478.

[END OF SECTION]

SECTION K  
 REPRESENTATIONS, CERTIFICATIONS  
 AND OTHER STATEMENTS OF OFFERORS

K.1. SOLICITATION PROVISIONS INCORPORATED BY REFERENCE

See L.2, page L-1 of this solicitation, for information on obtaining the full text of these provisions.

<u>TITLE</u>	<u>FAR CITATION</u>
Certificate of Independent Price Determination (APR 1985)	52.203-02
Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions (APR 1991)	52.203-11
Prohibition of Segregated Facilities (FEB 1999)	52.222-21

K.2. TAXPAYER IDENTIFICATION (OCT 1998) (FAR 52.204-03)

a. Definitions.

"Common parent," as used in this provision, means that corporate entity that owns or controls an affiliated group of corporations that files its Federal income tax returns on a consolidated basis, and of which the Offeror is a member.

"Taxpayer Identification Number (TIN)," as used in this solicitation provision, means the number required by the Internal Revenue Service (IRS) to be used by the Offeror in reporting income tax and other returns. The TIN may be either a Social Security Number or an Employer Identification Number.

- b. All Offerors must submit the information required in paragraphs d. through f. of this provision to comply with debt collection requirements of 31 U.S.C. 7701(c) and 3325(d), reporting requirements of 26 U.S.C. 6041, 6041A, and 6050M, and implementing regulations issued by the IRS. If the resulting contract is subject to the payment reporting requirements described in Federal Acquisition Regulation (FAR) 4.904, the failure or refusal by the Offeror to furnish the information may result in a 31 percent reduction of payments otherwise due under the contract.

c. The TIN may be used by the Government to collect and report on any delinquent amounts arising out of the Offeror's relationship with the Government (31 U.S.C. 7701(c)(3)). If the resulting contract is subject to the payment reporting requirements described in FAR 4.904, the TIN provided hereunder may be matched with IRS records to verify the accuracy of the Offeror's TIN.

d. Taxpayer Identification Number (TIN)

( ) TIN: \_\_\_\_\_;

( ) TIN has been applied for;

( ) TIN is not required because:

( ) Offeror is a nonresident alien, foreign corporation, or foreign partnership that does not have income effectively connected with the conduct of a trade or business in the United States and does not have an office or place of business or a fiscal paying agent in the United States;

( ) Offeror is an agency or instrumentality of a foreign government;

( ) Offeror is an agency or instrumentality of the Federal Government;

e. Type of organization.

( ) Sole proprietorship;

( ) Partnership;

( ) Corporate entity (not tax-exempt);

( ) Corporate entity (tax-exempt);

( ) Government entity (Federal, State or local);

( ) Foreign government;

( ) International organization per 26 CFR 1.6049-4;

( ) Other \_\_\_\_\_

f. Common parent.

( ) Offeror is not owned or controlled by a common parent as defined in paragraph a. of this provision.

( ) Offeror is not owned or controlled by a common parent as defined in paragraph a. of this provision.

( ) Name and TIN of common parent:

Name \_\_\_\_\_

TIN \_\_\_\_\_

(End of provision)

K.3. CERTIFICATION REGARDING DEBARMENT, SUSPENSION, PROPOSED DEBARMENT, AND OTHER RESPONSIBILITY MATTERS.(MAR 1996) (FAR 52.209-5)

a.1. The Offeror certifies, to the best of its knowledge and belief, that--

i. The Offeror and/or any of its Principals--

A. Are ( ) are not ( ) presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency;

B. Have ( ) have not ( ), within a three-year period preceding this offer, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, state, or local) contract or sub-contract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, or receiving stolen property; and

- C. Are ( ) are not ( ) presently indicted for, or otherwise criminally or civilly charged by a governmental entity with, commission of any of the offenses enumerated in subdivision a.1.i.B of this provision.
- ii. The Offeror has ( ) has not ( ), within a three-year period preceding this offer, had one or more contracts terminated for default by any Federal agency.
- a.2. "Principals," for the purposes of this certification, means officers; directors; owners; partners; and, persons having primary management or supervisory responsibilities within a business entity (e.g., general manager; plant manager; head of a subsidiary, division, or business segment, and similar positions).

This Certification Concerns a Matter Within the Jurisdiction of an Agency of the United States and the Making of a False, Fictitious, or Fraudulent Certification May Render the Maker Subject to Prosecution Under Section 1001, Title 18, United States Code.

- b. The Offeror shall provide immediate written notice to the Contracting Officer if, at any time prior to contract award, the Offeror learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
- c. A certification that any of the items in paragraph a of this provision exists will not necessarily result in withholding of an award under this solicitation. However, the certification will be considered in connection with a determination of the Offeror's responsibility. Failure of the Offeror to furnish a certification or provide such additional information as requested by the Contracting Officer may render the Offeror nonresponsible.
- d. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render, in good faith, the certification required by paragraph a. of this provision. The knowledge and information of an Offeror is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.



- e. The certification in paragraph a. of this provision is a material representation of fact upon which reliance was placed when making award. If it is later determined that the Offeror knowingly rendered an erroneous certification, in addition to other remedies available to the Government, the Contracting Officer may terminate the contract resulting from this solicitation for default.

[END OF SECTION]

SECTION L  
INSTRUCTIONS, CONDITIONS AND NOTICES TO OFFERORS

L.1. PROPOSAL PREPARATION

- a. In order to be considered for award of a contract, the Offeror must submit a proposal in conformance with the requirements of this solicitation. The offer shall consist of two parts, as follows:
  - 1. The Business Proposal as discussed at Section L.5; and,
  - 2. The Technical Proposal as discussed at Section L.6.
- b. The two parts of the proposal discussed above must be submitted in separate enclosures, as follows: (1) an enclosure consisting of the original Business Proposal, two copies of the Business Proposal and the original Technical Proposal; and (2) another enclosure consisting of five copies of the Technical Proposal.
- c. The Business Proposal must contain all references to management fees or other costs or prices to be incurred by the Board, except trading costs, which are to be addressed in the Technical Proposal. This means that, except for trading costs, the Business Proposal must include any aspect of the offer that has a cost applicable to it. No cost or price information, except trading costs, may be included in the Technical Proposal.
- d. Offerors are advised that it is neither necessary nor appropriate to reproduce and submit the entire solicitation package as part of the proposal.

L.2. SOLICITATION PROVISIONS INCORPORATED BY REFERENCE  
(FEB 1998) (FAR 52.252-01)

This solicitation incorporates one or more solicitation provisions by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. The Offeror is cautioned that the listed provisions may include blocks that must be completed by the Offeror and submitted with its quotation or offer. In lieu of submitting the full text of those provisions, the Offeror may identify the

provision by paragraph identifier and provide the appropriate information with its quotation or offer. Also, the full text of a solicitation provision may be accessed electronically at this address:

<http://www.arnet.gov/far>

(End of provision)

The following clauses are hereby incorporated by reference:

<u>TITLE</u>	<u>FAR CITATION</u>
Data Universal Numbering System (DUNS) Number (JUN 1999)	52.204-06
Instructions to Offerors - Competitive Acquisition Acquisition (NOV 1999) Alternate I (OCT 1997)	52.215-01
Evaluation of Compensation for Professional Employees (FEB 1993)	52.222-46

L.3. TYPE OF CONTRACT (APR 1984) (FAR 52.216-01)

The Government contemplates award of a firm, fixed-price contract resulting from this solicitation.

(End of provision)

L.4. SERVICE OF PROTEST (AUG 1996) (FAR 52.233-02)

- a. Protests, as defined in section 33.101 of the Federal Acquisition Regulation, that are filed directly with an agency, and copies of any protests that are filed with the General Accounting Office (GAO), shall be served on the Contracting Officer (addressed as follows) by obtaining written and dated acknowledgment of receipt from Strat D. Valakis, Contracting Officer, Federal Retirement Thrift Investment Board, 1250 H Street, N.W., Washington, DC 20005-3952.
- b. The copy of any protest shall be received in the office designated above within one day of filing a protest with the GAO.
- c. It is the policy of the Federal Retirement Thrift Investment Board (the Board) to fully implement all protest decisions rendered by the competent protest venues. However, the Board's statutorily imposed fiduciary responsibilities require that all final determinations regarding the implementation of protest decisions be rendered by the Executive

Director of the Board in sole consideration of the best interests of the participants in the Thrift Saving Plan.

(End of provision)

L.5. INSTRUCTIONS FOR BUSINESS PROPOSAL

The Offeror must submit as part of its proposal a "Business Proposal." The Business Proposal shall include all proposal data required by Sections B and K of this solicitation. The Business Proposal shall be in accordance with the requirements of L.1, L.2, this provision, and shall conform to the format in b.

a. Administrative Data -- the Offeror shall:

1. Indicate the names and addresses of any Federal, State or other governmental audit or inspection agencies having oversight with respect to the Offeror. (Example: Securities Exchange Commission, Comptroller of the Currency, or State Agency);
2. State its place of business, including the street address, and the name and address of the owner and operator of facilities other than the Offeror's when it is reasonably expected that such facilities will be used in the performance of the contract; and,
3. Indicate if it has the necessary financial capacity, working capital and other resources necessary to perform the contract without assistance from any outside source (if not, indicate the amount required and the anticipated source).

L.6. INSTRUCTIONS FOR TECHNICAL PROPOSAL

- a. The Offeror must submit as part of its proposal a "Technical Proposal." The contents of the Technical Proposal shall be keyed to the Technical Proposal requirements as outlined below. As far as possible, the Technical Proposal shall be in the same topical sequence as this solicitation document.
- b. In accordance with the clause at M.4 of this document, in order to be considered for award of a contract, all Offerors must meet certain minimum technical qualifications. The Technical Proposal therefore should be preceded by the

Offeror's certification that it meets each of the minimum qualification standards listed in the clause at M.4.

- c. By submitting this proposal, the Offeror grants representatives of the Board authorization to check references of the Offeror. In addition, the Offeror grants representatives of the Board authorization to conduct reference checks of the performance of the personnel and quality of project management offered in support of the contract.
- d. Technical proposal preparation
  - 1. Provide a brief synopsis of the proposal. State broadly how the proposal meets the requirements and the intent of the specification. List all exceptions taken to the technical portion of the solicitation requirements and include appropriate rationale for each. Where alternate proposals are made, discuss the controlling principles behind each.
  - 2. In response to the questions in Attachment 1 in Section J, address the minimum technical qualifications set forth in M.4, and include specific substantiation to support the Offeror's ability to meet each requirement.
  - 3. The Technical Proposal shall conform to the other instructions provided elsewhere in this solicitation. The specific areas the Board will be evaluating and the relative importance assigned to each area are included in Section M.

L.7. SOLICITATION INFORMATION

Solicitation interpretation and assistance may be obtained by contacting:

Federal Retirement Thrift Investment Board  
1250 H Street, NW  
Washington, D.C. 20005-3952  
ATTN: Ms. Mary F. Parker  
Phone: (202) 942-1694

L.8. RECEIPT OF PROPOSALS

- a. The place designated for the receipt of proposals is the following:

Federal Retirement Thrift Investment Board  
1250 H Street, NW  
Washington, DC 20005-3952

- b. **Proposals must be received by the Board no later than 4:00 p.m., eastern time, on July 12, 2000.** Late proposals will not be considered, except under exceptional circumstances, as provided for by law or regulation.

- c. To ensure that the proposal arrives at the proper place on time and to prevent opening by unauthorized individuals, your proposal must be identified on the wrapper as follows:

Proposal Submitted in Response to Solicitation  
No. RFP TIB-00-R-02  
Package No. \_\_\_\_\_ of \_\_\_\_\_  
Date: \_\_\_\_\_  
ATTN: Mary F. Parker

Contents: \_\_\_\_\_  
(In accordance with the other instructions, this blank should list either "Business Proposal and Original Technical Proposal" or "Copies of Technical Proposal and Financial Data.")

- d. If a receipt is required when delivering a proposal, the Offeror is instructed to prepare a receipt document in advance and present it to the person at the delivery location. The receipt document must state the following:

Proposal submitted in response to  
Solicitation No. RFP TIB-00-R-02

Due Date: July 12, 2000; 4:00 p.m., eastern time

Date and Time Received: \_\_\_\_\_

Signature \_\_\_\_\_

(Provide adequate space on the form to allow a time and date stamp.)

L.9. MARKING OF INFORMATION TO RESTRICT DISCLOSURE AND USE OF DATA

- a. A proposal may include data, such as a technical design or concept or financial and management plan, which the Offeror does not want disclosed to the public for any purpose or used by the Board for any purpose other than evaluation of the proposal. If an Offeror wishes to restrict its proposal in this way, it shall mark the title page with the following legend:

These data, furnished in connection with Request for Proposals No. RFP TIB-00-R-02, shall not be disclosed outside the Board and shall not be duplicated, used, or disclosed in whole or in part for any purpose other than to evaluate the proposal; provided that, if a contract is awarded to this Offeror as a result of or in connection with the submission of these data, the Board shall have the right to duplicate, use, or disclose the data to the extent provided in the contract. This restriction does not limit the Board's right to use the information contained in the data if it is obtained from another source without restriction. The data subject to this restriction are contained in sheets \_\_\_\_\_.

- b. The Offeror shall mark each sheet of data which it wishes to restrict with the following:

Use or disclosure of proposal data is subject to the restriction of the Title Page of the Proposal.

- c. Notwithstanding the above, records or data bearing such a legend as in the above paragraph may be otherwise subject to release under the terms of the Freedom of Information Act, 5 U.S.C. 552, as amended. It is noted, however, that absent a request for such records or data pursuant to the statutory provisions (the Freedom of Information Act, 5 U.S.C. 552, as amended), and the subsequent determination of releasability, the legend shall be honored in accordance with the above.

L.10. TELEGRAPHIC PROPOSAL

Telegraphic or facsimile proposals will not be considered, although proposals may be modified by telegraphic notice provided such notice is actually received prior to the closing date and time.

L.11. INSURANCE AND BONDING REQUIREMENTS

Submission of a proposal shall constitute a certification by the Offeror that it is in compliance with all state and Federal laws with respect to insurance and bonding requirements.

L.12. MINIMUM ACCEPTANCE PERIOD

Offerors allowing less than 120 calendar days in the "offer" portion of SF 33, Section A, for acceptance by the Board will be rejected as unacceptable.

L.13. INCURRED COSTS

The Board is not liable for any costs incurred by the Offerors in preparing and submitting proposals in response to this solicitation.

L.14. PRE-AWARD SURVEY/VISITATION/POST AWARD CONFERENCE

The Board reserves the right to visit all qualified Offerors to inspect their facilities and operations prior to any determination of contract award under this solicitation. In lieu thereof, the Board may choose to inspect the apparent successful Offeror's facility prior to award of contract. Subsequent to award, a post-award conference may be conducted either at the Board or at the Contractor's facility.

[END OF SECTION]



SECTION M  
EVALUATION FACTORS FOR AWARD

M.1. INTRODUCTION

This section sets forth the criteria to be used for the evaluation of all offers. These criteria will be applied to each offer to determine the successful Offeror. The evaluation process is described below.

M.2. EVALUATION OF OFFERS

The Board will select an Offeror for award in accordance with the guidance in FAR Part 15, the Board's Source Evaluation and Selection Procedures, and the terms of this solicitation. The following specific events will occur in the evaluation process:

- Step 1. The Board will review all proposals for compliance with the requirements of this solicitation document. Those proposals which do not conform, other than for minor irregularities, will not be given further consideration for award of a contract.
- Step 2. The Board's Technical Evaluation Panel will evaluate all technical proposals for compliance with the requirements of Clause M.4, "Minimum Technical Qualifications." Those proposals which do not conform to the requirements of Clause M.4 will not be given further consideration for award of a contract.
- Step 3. The Board's Technical Evaluation Panel will conduct a technical evaluation of all proposals which meet the requirements of Clause M.4 and which are not otherwise disqualified from consideration for award of a contract.
- Step 4. The Board will evaluate cost/pricing proposals in accordance with Sections B, L, and M.
- Step 5. The Board will consider the technical and cost/price evaluations of all rated proposals in order to determine that Offeror which proposes the best value in terms of lowest cost, superior service, or both.

Step 6. The Board will evaluate the responsibility of the apparent successful Offeror in light of the factors set forth in FAR Part 9.

M.3. EVALUATION FACTORS FOR AWARD

- a. The Board will make award to that responsible Offeror whose offer conforms to the solicitation and is most advantageous to the Board, cost or price and other factors considered.
- b. For this solicitation, technical quality is more important than cost. An evaluation of each offer will be made in the technical area, and if technically acceptable, in the cost area. The technical evaluation carries a 60% weight towards contract award, and the cost/price evaluation carries a 40% weight. A final cost/price score will be developed by combining the final technical evaluation and cost/price scores.

M.4. MINIMUM TECHNICAL QUALIFICATIONS

- a. The Technical Proposal must demonstrate compliance with the minimum technical factors listed below in order to be considered for award. Proposals which do not conform to the requirements of this clause will be rejected by the Technical Evaluation Panel prior to technical evaluation.
- b. All Offerors must demonstrate compliance with the following:
  1. The Offeror must comply with the statutory requirements specified in §§ 8438 and 8478 of Title 5 of the United States Code and must agree to serve as a fiduciary of the Thrift Savings Fund, as defined in § 8477 of Title 5, with respect to all assets of the Fund under management or custody.
  2. The Offeror must be a "qualified professional asset manager" as defined in § 8438 of Title 5 of the United States Code.
  3. The Offeror must provide a commingled, daily-valued S&P 500 index fund suitable for a tax-qualified plan.
  4. The proposed fund must have a minimum of \$3.5 billion (market value as of June 30, 2000) in assets under management. (See Section J, Attachment 1, paragraph I.E.1 for a discussion of modular or tiered structure as it applies to the size of the proposed fund. That

discussion applies to the minimum size requirement as well). The proposed commingled fund must have been in operation for a minimum of 3 years.

5. The offered fund must be designed to replicate the S&P 500 index.
6. The offered fund must provide a securities lending program.
7. The offered fund must accept trades each business day, on a pre-notification trade basis (i.e., trade executed at closing stock prices on the trade date), with an investment notification deadline no earlier than 2:00 p.m., eastern time. The offered fund must accept funds to cover purchases one business day after the trade date and must wire redemption proceeds one business day after the trade date.
8. The Offeror must provide, through an electronic data file in the format provided by the Board, to the TSP record keeper on each business day the TSP's share of total earnings, in dollars, for that business day. Total earnings include capital gain or loss (net of trading costs), dividend income, securities lending income, and any income from the cash account. The daily earnings are to be transmitted as soon as available each business day, but no later than 6:00 p.m. eastern time. The Offeror must also provide other required information, transaction summary reports, monthly transaction reports, and monthly performance reports in a timely manner.
9. The Offeror must provide the Board with its established proxy voting policies and agree to submit reports to the Board explaining any exceptions to those policies during the term of the contract.

#### M.5. TECHNICAL EVALUATION

Upon determining Offeror compliance with the minimal technical criteria identified in paragraph M.4 above, the technical evaluation panel will evaluate those proposals for technical compliance with the requirements of this solicitation document. The evaluation will be consistent with the evaluation criteria identified below:

1. Organizational Experience - 10 points
  - a. Qualifications of portfolio managers, administrative account servicing, and other investment personnel.
  - b. Size, growth, and longevity of proposed fund.
2. Trading - 30 points
  - d. Demonstrated ability and opportunity to minimize trading costs.
3. Tracking of the S&P 500 Index - 10 points
4. Fiduciary and Administrative Competence - 10 points
  - a. Ability to carry out fiduciary responsibilities.
  - b. Quality of securities lending program.
  - c. Ability to provide timely and accurate reports containing the required information.

M.6. COST/PRICE EVALUATION

- a. The Board will analyze all technically acceptable proposals to determine the price of each proposal. The Board anticipates assigning 40 points to the price proposal evaluation.
- b. The Board will use the information submitted in Section B.3. to determine the proposal with the lowest net fees (defined as management fees plus custodian fees less securities lending income) at each asset level and will assign lower point scores to those proposals with higher net fees at each level, in accordance with the following schedule:

<u>Net Fees On</u>	<u>Point Allocation</u>
First \$4.0 billion	25 points
Above \$4.0 billion	15 points

- c. Cost evaluation points are attributed to each Offerors' net fees as follows: The lowest Offeror receives maximum points for each category. For every basis point above the lowest net fee at each asset level, the corresponding score

is reduced 3 points (incremental increases of less than one basis point reduce the score proportionately, e.g., a .5 basis point increase in fees result in a 1.5 point reduction in score).

- d. The technical points earned as a result of the evaluation in M.5 will be added to the results of the M.6 evaluation, rendering a total score for each proposal.

M.7. AWARD

- a. While the total score will be an important factor in contract award selection, the Board will award any contract resulting from this solicitation to that Offeror presenting the most advantageous offer to the Board, all factors considered.
- b. The Board may reject any or all offers, accept other than the offer proposing the lowest management fees, and waive informalities and minor irregularities in offers received.
- c. The Board may award a contract on the basis of initial offers received, without discussions. Therefore, each initial offer should contain the Offeror's best terms from a price and technical standpoint.

M.8. TIME OF AWARD

The Board expects to make an award by October 2000 to allow the selected Offeror to conduct system tests associated with the new Thrift Savings Plan (TSP) record keeping system prior to initiating fund management on January 1, 2001.

NOTHING FOLLOWS