

**ATTACHMENT B
STATEMENT OF WORK
FOR**

**INVESTMENT CONSULTING AND MONITORING SERVICES FOR
OPTIONAL ANNUITY AND RETIREMENT PROGRAMS**

DMS 17/18-050

**THE STATE OF FLORIDA
DEPARTMENT OF MANAGEMENT SERVICES**

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SECTION 1. RESPONSIBILITIES

The Contractor shall regularly and consistently monitor and analyze the investment options within the Department's two optional retirement programs, the State University System Optional Retirement Program (SUSORP) and the Senior Management Service Optional Annuity Program (SMSOAP). Based on its monitoring and analyses, the Contractor will provide a minimum of four quarterly reviews and reports and one annual comprehensive investment review and report for SUSORP and SMSOAP investment options. In furtherance of preparing the reviews and reports, the Contractor will obtain the Investment Policy Statement (IPS) from the Department to be used for analysis and monitoring.

The Contractor will also provide ad hoc consulting services relating to the SMSOAP and SUSORP.

1.1 Quarterly Requirements

Each quarter, the Contractor will be required to provide the Division with the following:

1.1.1. Investment Market Performance Review

A verbal investment market performance review of the Department's current and legacy investment products for SUSORP and SMSOAP via telephone, or at an in person meeting, with the Division of Retirement (Division). The Contractor will be responsible for coordinating and scheduling these meetings and for ensuring that all necessary Contractor staff are in attendance. The Contractor shall provide the Division's Contract Manager with the following reviews:

1. Fiduciary process for investment options – monitor the plan's investment options and investment categories for compliance with the plans objectives and documenting any unusual, notable, or extraordinary events.
2. DMS scoring methodology – a 12 point qualitative and quantitative quarterly score based on the Modern Portfolio Theory concept.
3. Fund management changes – changes in the fund's investment managers.
4. Investment options review – the monitoring of each investment option.
5. Investment options watchlist – a list of underperforming options subject to heightened review over a reasonable period.
6. Investment options recommendations – suggestions for removing and replacing underperforming options.

1.1.2 Investment Market Performance Report

A written report on each of the SUSORP and SMSOAP program Investment options with the Contractor's monitoring and analysis results, as guided and informed by the IPS. The Investment Market Performance Report will include the following:

1. Investment option inception date - the date that the option was first offered to investors.
2. Year To Date performance – option performance since the start of the calendar year.
3. 1-yr, 3-yr, 5-yr, and 10-yr performances – option performances for the previous one, three, five and ten-year periods.

4. Since inception date performance – option performance since the date the option was first offered to investors.
5. Expense ratio percentage - efficiency ratio that calculates management expenses as a percentage of total option's cost.
6. Benchmark comparisons – comparison to an appropriate option standard.
7. Investment strategy for investment option – the allocation of investments among different categories, such as stocks, bonds, and cash.
8. Management tenure - the length of time that a manager has been at the helm of a mutual fund.
9. Peer group percentile - relative ranking of the option's return for the period compared to the peer group's return expressed as a percentile ranking.
10. Investment options verses peer group comparison – comparison of the option to its appropriate peer group.
11. Criteria score based on IPS - a 12 point qualitative and quantitative quarterly score base on the Modern Portfolio Theory concept.
12. Investment option watchlist - – underperforming funds subject to heightened review over a reasonable period.
13. Calendar year returns – options' returns for the current calendar year.
14. Executive summary – summary of option's criteria scores for the previous four quarters.

1.2 Annual Requirement

Annually, the Contractor will be required to provide the Division with the following:

1.2.1 Comprehensive Investment Market Performance Review and Report

The Contractor will be required to provide an annual comprehensive investment review and report at the time the Contractor provides the last quarterly investment market performance review and report for each year of the Contract. This report will be provided as a hard copy as well as an electronic version. The annual comprehensive review and report will include, combined, and summarized information from all four quarters. This review and report will include an executive summary and a comprehensive analysis of the performance of investment options consistent with the criteria established in the IPS. The Contractor's report will also contain recommendations on investment options that should be replaced and provide justification as to the reasoning behind these proposals.

1.3 Requirements – Ad Hoc Consulting

Contractor will be required to provide the Division with the following:

1.3.1 Consulting for the investment options of the SMSOAP and the SUSORP retirement plans

The Contractor shall provide consulting services, on an ad hoc basis, pertaining to 403(b) retirement plan investing. Consulting services will include in depth research and high level knowledge of laws, rules, and regulations and investment policy best practices pertaining to 403(b) plans in order to respond to questions or requests for information from the Division, within very short turnaround timeframes, if necessary. The Contractor shall designate a primary

point of contact who will be responsible for handling such requests and quickly providing thorough and accurate information and recommendations to the Division.

1.3.2 Evidence of Completion

- After a request is made from the Division for consulting services, the Contractor shall provide a written summary of the Division's question or request and its response to such inquiry. Response time will be agreed upon at the time of the ad hoc inquiry.

SECTION 2. CONTRACTOR DELIVERABLES

2.1 Quarterly Investment Market Performance Reviews

The Contractor shall perform four complete, accurate, and timely Quarterly Investment Market Performance Reviews per year in accordance with the requirements of this statement of work. This requirement must be met 100% of the time.

2.1.1 Evidence of Completion

- A copy of the quarterly meeting agenda, approved by the Division's contract manager at least five business days before the meeting date.
- A DMS approved written summary of the quarterly meeting notes provided by Contractor to the Division's contract manager within five business days after the meeting.

2.2 Quarterly Investment Market Performance Reports

The Contractor shall provide four quarterly complete, timely and accurate Quarterly Investment Performance Reports, in accordance with this statement of work. This requirement must be met 100% of the time.

2.2.1 Evidence of Completion

- The Quarterly Investment Market Performance Report in hard-copy and electronic format.

2.3 Annual Comprehensive Investment Market Performance Review

The Contractor shall perform one complete, accurate, and timely annual Investment Market Performance Review in conformance with the requirements in this statement of work. This requirement must be met 100% of the time.

2.3.1 Evidence of Completion

- A copy of the annual meeting agenda, approved by the Division's contract manager at least five business days before the meeting date.
- A DMS approved written summary of the annual meeting notes provided by Contractor to the Division's contract manager within five business days after the meeting.

2.4 Annual Comprehensive Investment Market Performance Report

The Contractor shall perform one complete, accurate, and timely annual Investment Market Performance Report in accordance with the requirements in this statement of work. This requirement must be met 100% of the time.

2.4.1 Evidence of Completion

- The Annual Comprehensive Investment Market Performance Report in hard-copy and electronic format.

2.5 Ad Hoc Consulting

The Contractor shall provide timely, accurate and complete ad hoc consulting services pertaining to 403(b) retirement plan investing in accordance with this statement of work.

2.5.1 Evidence of Completion

- Within the response time pre-approved by both parties, upon request by the Division for consulting services, the Contractor shall provide the Contract Manager a written summary of the Division's request with the Contractor's response.

2.6 Acceptance of Deliverables

The Division's Contract Manager will approve the deliverables that conform in all material respects with the specifications set forth in this statement of work within ten (10) business days of receipt, or as otherwise agreed by the parties in writing. The Division will either provide the Contractor with written approval of the deliverables or, if a deficiency exists, a written statement identifying the deficiencies preventing approval of the deliverables. Any notice of deficiency will also include references to the unmet deliverables.

The Contractor will have ten (10) business days from the date it receives the notice of deficiencies to complete corrective actions. The Division will then have ten (10) business days to complete its review of the corrected deliverable(s) and to notify the Contractor in writing of acceptance or rejection.

In the event of any delays caused by the Division in furnishing contractually required information, or unreasonably providing approvals, which cause the Contractor to be delayed in completing deliverables, the Contractor's performance deadline will be extended by an amount of time equal to the Division caused delay or by an amount otherwise agreed by both parties.

SECTION 3. FINANCIAL CONSEQUENCES FOR NON-PERFORMANCE

The Division will impose financial consequences upon the Contractor for failure to comply with the Contract. The Division's Contract manager will periodically review the Contractor's performance and compliance with the Contract. If the Contractor fails to meet the deliverables the Contract Manager will apply, the financial consequences below for each business day the deliverable is late or unacceptable.

1. Payment for the deliverable will be withheld until the deliverable is complete.

2. Payments for deliverables will be reduced by an amount equal to five percent of the deliverable price for failure to timely submit a complete and accurate deliverable. An additional five percent will be assessed for failure to submit the deliverables each late week thereafter.

The Division reserves the right to waive the reduction in cases where the Contractor's failure to submit the deliverable(s) by the specified due date(s) are due to circumstances beyond the Contractor's control and when the Division has provided written approval to the Contractor to extend the due date(s).

3. If the deliverable does not conform in all material respects to the statement of work, the Contract Manager may request the Contractor re-complete the work related to deliverables. Payment will be withheld until the deliverable is completed and approved by the Contract Manager.

Upon repeated or egregious failure to provide accurate, complete, and timely deliverables, the Department may terminate the Contract for non-performance.

The Contractor will be notified in writing concerning Division action(s), including specifics of the work not provided, the services, work and/or deliverable(s) considered to be incomplete and the financial consequences that will be applied.

SECTION 4. COMPENSATION

All payments will be made in arrears. Invoices will be processed on a quarterly basis. The Contractor shall invoice for those deliverables completed during the quarter. Invoices shall be submitted to the Department's Contract Manager by the 30th of the month following each quarter. If the 30th of the month following each quarter falls on a Saturday, Sunday, or State observed holiday, the invoice will be due on the next business day. Quarters are defined below.

Quarter:	Deliverable Due:	Invoice Due:
First Quarter: July 1 – September 30	October 21	October 30
Second Quarter: October 1 – December 31	January 21	January 30
Third Quarter: January 1 – March 31	April 21	April 30
Fourth Quarter: April 1 – June 30	July 21	July 30

An invoice shall not be considered properly received unless the invoice meets the requirements of the Florida Department of Financial Services, and the following:

1. The invoice submitted for payment must be a legible original;
2. The invoice shall be on the Contractor's letterhead and must include a remittance address;
3. The invoice must clearly indicate each deliverable for which the Contractor is billing;
4. Invoices must show the cost per deliverable.