

<b>SOLICITATION, OFFER AND AWARD</b>		1. THIS CONTRACT IS A RATED ORDER UNDER DPAS (15 CFR 700)		RATING	PAGE OF PAGES
2. CONTRACT NUMBER	3. SOLICITATION NUMBER	4. TYPE OF SOLICITATION <input type="checkbox"/> SEALED BID (IFB) <input type="checkbox"/> NEGOTIATED (RFP)	5. DATE ISSUED	6. REQUISITION/PURCHASE NUMBER	
7. ISSUED BY		CODE	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 \_\_\_\_\_ 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 \_\_\_\_\_ until \_\_\_\_\_ local time \_\_\_\_\_ (Hour) \_\_\_\_\_ (Date)

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	B. TELEPHONE (NO COLLECT CALLS)		C. E-MAIL ADDRESS
		AREA CODE	NUMBER	EXT.

**11. TABLE OF CONTENTS**

(X)	SEC.	DESCRIPTION	PAGE(S)	(X)	SEC.	DESCRIPTION	PAGE(S)
PART I - THE SCHEDULE				PART II - CONTRACT CLAUSES			
	A	SOLICITATION/CONTRACT FORM			I	CONTRACT CLAUSES	
	B	SUPPLIES OR SERVICES AND PRICES/COSTS		PART III - LIST OF DOCUMENTS, EXHIBITS AND OTHER ATTACH.			
	C	DESCRIPTION/SPECS./WORK STATEMENT			J	LIST OF ATTACHMENTS	
	D	PACKAGING AND MARKING		PART IV - REPRESENTATIONS AND INSTRUCTIONS			
	E	INSPECTION AND ACCEPTANCE			K	REPRESENTATIONS, CERTIFICATIONS AND OTHER STATEMENTS OF OFFERORS	
	F	DELIVERIES OR PERFORMANCE			L	INSTRS., CONDS., AND NOTICES TO OFFERORS	
	G	CONTRACT ADMINISTRATION DATA			M	EVALUATION FACTORS FOR AWARD	
	H	SPECIAL CONTRACT REQUIREMENTS					

**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 <i>(See Section I, Clause No. 52.232-8)</i>	10 CALENDAR DAYS (%)	20 CALENDAR DAYS (%)	30 CALENDAR DAYS (%)	CALENDAR DAYS (%)
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14. ACKNOWLEDGMENT OF AMENDMENTS <i>(The offeror acknowledges receipt of amendments to the SOLICITATION for offerors and related documents numbered and dated):</i>	AMENDMENT NO.	DATE	AMENDMENT NO.	DATE

15A. NAME AND ADDRESS OF OFFEROR	CODE	FACILITY	16. NAME AND TITLE OF PERSON AUTHORIZED TO SIGN OFFER <i>(Type or print)</i>		

15B. TELEPHONE NUMBER	15C. CHECK IF REMITTANCE ADDRESS IS DIFFERENT FROM ABOVE - ENTER SUCH ADDRESS IN SCHEDULE.	17. SIGNATURE	18. OFFER DATE
AREA CODE NUMBER EXT.	<input type="checkbox"/>		

**AWARD (To be completed by Government)**

19. ACCEPTED AS TO ITEMS NUMBERED	20. AMOUNT	21. ACCOUNTING AND APPROPRIATION	
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 specified)	
24. ADMINISTERED BY (If other than Item 7) CODE		25. PAYMENT WILL BE MADE BY CODE	
26. NAME OF CONTRACTING OFFICER (Type or print)		27. UNITED STATES OF AMERICA  <i>(Signature of Contracting Officer)</i>	
		28. AWARD DATE	

## **SECTION B SUPPLIES OR SERVICES AND PRICES/COSTS**

### 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 the Statement of Work and set forth in the resultant contract(s); such monies shall be invested in the Contractor's daily-valued, commingled S&P 500 Index fund, Dow Jones Wilshire 4500 Completion Index fund, MSCI EAFE Index fund, and/or Lehman Brothers Aggregate Bond Index fund, as appropriate.

### 2. Business Proposal Instructions

- a. The Business Proposal will consist of those items set forth at L.1, page 51 of this solicitation, and the Offeror's proposed price to perform the required services set forth in the Statement of Work in this solicitation.
- b. Offerors should evaluate all information provided in this solicitation, particularly in the Statement of Work, and submit their proposals 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 OR PRICING INFORMATION IS TO BE INCLUDED IN THE TECHNICAL PROPOSAL.**
- d. This solicitation requires the Offeror to submit a proposed price for the management of assets in **ONE OR MORE** daily-valued, commingled index funds. Multiple contracts may be awarded. Offerors may offer on 1, 2, 3, or 4 funds.
- e. Proposed prices should apply to both the base contract period and the option period. Repricing during the contract term and option period is not possible.

### 3. Contract Pricing

- a. Proposed prices must be consistent with the requirements of this section as well as Sections C, L, and M. Investment management fees may be expressed in basis points (if linked to the level of assets) or dollars (in case of flat fee proposals), as appropriate. All other pricing (e.g., custody, accounting, legal) must be expressed in basis points (with any tiered pricing clearly stated), 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. The percentage split of securities lending income to the TSP should also be clearly indicated for each of the funds under consideration.

- b. Once a proposal is accepted and a contract is 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 materials, 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. Based on actual history for the proposed fund(s) for the three years ending December 31, 2005, please state, in basis points (to two decimal places):
  - A. the securities lending income generated by the fund after all costs but before crediting to clients;
  - B. the custodian fees charged to the fund; and
  - C. all other fees charged to the fund.

		<b>C Fund</b>	<b>S Fund</b>	<b>I Fund</b>	<b>F Fund</b>
Gross Securities Lending Income (bp)	2003 2004 2005 Average				
Custody costs (bp)	2003 2004 2005 Average				
All other costs (bp)	2003 2004 2005 Average				

2. Provide the fee or credit schedule, for asset management, custody services, all other services (legal, administrative, etc.), and securities lending, for each of the daily-valued, commingled index funds. See Section C: Statement of Work for definitions of the Funds. The fee or credit schedule will apply to both the base contract period and the option period.

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(s) 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 that would be charged on the assets under management for each fund;
- B. the custodian fees (in basis points) that would be charged to the TSP and/or the proposed fund(s) on the amount of assets under management and the methodology by which the custodian fees would be charged for each fund;
- C. all other fees (in basis points) that would be charged to the TSP on the amount of assets under management for each fund; and
- D. the portion of the securities lending income (in percentage points) that would be credited to the TSP versus that retained by you for each fund.

	<b>C Fund</b>	<b>S Fund</b>	<b>I Fund</b>	<b>F Fund</b>
Investment management fee schedule				
Custody costs (bp)				
All other costs (bp)				
Securities lending split to TSP (%)				

3. 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.)**

**The contract(s) will be awarded subject to due diligence.**

## SECTION C STATEMENT OF WORK

### 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 December 31, 2005, there were over 3.5 million participants in the TSP, and TSP Fund balances totaled \$173.3 billion.
- B. Currently, TSP participants may invest their contributions or account balance in any combination of five investment funds: the Government Securities Investment (G) Fund, \$67.4 billion; the Common Stock Index Investment (C) Fund (S&P 500 Index), \$70.2; the Small Capitalization Stock Index Investment (S) Fund (Dow Jones Wilshire 4500 Completion Index), \$15.6 billion; the Fixed Income Investment (F) Fund (Lehman Aggregate Bond Index), \$10.6 billion; or the International Stock Index Investment (I) Fund (MSCI EAFE Index), \$15.6. TSP participants are also able to invest in Lifecycle funds whose underlying funds are comprised of the G, C, S, F, and I Funds (TSP will provide one net trade for each of the C, S, F, and I Funds on a daily basis inclusive of any lifecycle fund flows). Net new investment in the TSP (i.e., contributions to the plan less benefits and cash expenses) totaled approximately \$13.0 billion in 2005.
- C. As of December 31, 2005, the **C Fund** had 2.1 million participants. During 2005, the TSP placed 250 trade orders with the C Fund investment manager; 126 purchases totaling \$4.043 billion, and 124 redemptions totaling \$3.674 billion. The largest purchase was approximately \$96 million, and the largest redemption was approximately \$184 million. Net new investment in the C Fund was approximately \$369 million. Although the C 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 result from loans, withdrawals, and interfund transfers.
- D. As of December 31, 2005, the **S Fund** had 1.0 million participants. During 2005, the TSP placed 250 trade orders with the S Fund investment manager; 180 purchases totaling \$4.259 billion, and 70 redemptions totaling \$1.330 billion. The largest purchase was approximately \$118 million, and the largest redemption was approximately \$100 million. Net new investment in the S Fund was approximately \$2.929 billion. Although the S 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 result from loans, withdrawals, and interfund transfers.

- E. As of December 31, 2005, the **F Fund** had 1.0 million participants. During 2005, the TSP placed 250 trade orders with the F Fund investment manager; 137 purchases totaling \$1.033 billion, and 113 redemptions totaling \$751 million. The largest purchase was approximately \$45 million, and the largest redemption was approximately \$31 million. Net new investment in the F Fund was approximately \$282 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 result from loans, withdrawals, and interfund transfers.
  
- F. As of December 31, 2005, the **I Fund** had 0.9 million participants. During 2005, the TSP placed 249 trade orders with the I Fund investment manager; 184 purchases totaling \$5.512 billion, and 65 redemptions totaling \$1.169 billion. The largest purchase was approximately \$119 million, and the largest redemption was approximately \$134 million. Net new investment in the I Fund was approximately \$4.342 billion. Although the I 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 result from loans, withdrawals, and interfund transfers.

### **Statutory Requirements**

Title 5 of the United States Code, §§ 8438, 8472, and 8475, provides the major statutory requirements for TSP investments (see Attachment 2, Section J)

### **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 the 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 TSP assets. Handle all fiduciary responsibilities as required by law.

2. Provide one or more of the following:
  - a. a daily-valued, commingled, S&P 500 Index fund suitable for a tax-qualified plan that accommodates daily cash flows and uses a full replication construction technique as opposed to a stratified sampling, enhanced, or optimization approach,
  - b. a daily-valued, commingled, Dow Jones Wilshire 4500 Completion Index fund suitable for a tax-qualified plan that accommodates daily cash flows (a stratified sampling or optimization approach can be used),
  - c. a daily-valued, commingled, MSCI EAFE Index fund suitable for a tax-qualified plan that accommodates daily cash flows and uses a full replication construction technique as opposed to a stratified sampling, enhanced, or optimization approach, and/or
  - d. a daily-valued, commingled, Lehman Brothers Aggregate Bond Index fund suitable for a tax-qualified plan that accommodates daily cash flows (a stratified sampling or optimization approach can be used).
3. Execute trades efficiently. Minimize trading costs, and upon request, provide an explanation of transactions incurring trading costs above the average trading costs associated with managing assets benchmarked to the respective index(es).
4. Achieve, on a time-weighted basis, investment performance that closely tracks that of the underlying index, as measured and published by the respective index providers. The Board will monitor tracking performance on a monthly basis.
5. Receive (or disburse) by wire transfer, and invest (or divest) 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. Between the time cash flows are received by the Contractor and invested in securities in the appropriate index, or otherwise to provide adequate liquidity for the proposed fund, the funds may be invested in the appropriate index futures contracts, or in secure, high quality, short-term, fixed-income securities (the cash account).

6. Accommodate a daily trading deadline for trading on a pre-notified basis that is no earlier than 2:00 p.m. ET, with settlement the next business day.
7. 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.
8. 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 each proposed fund's total net earnings (or, if directed by the Board, the TSP's share of the net asset value of the proposed fund), in dollars, for that business day. Total net earnings include capital gain or loss (net of trading costs), dividend income, securities lending income, any income from the cash account, or any other income. The daily earnings (or net asset value) figures are to be transmitted as soon as available each business day, but no later than 6:00 p.m. ET. Establish procedures for notification of the Board and the TSP record keeper if the earnings figures are not transmitted by 6:00 p.m. ET. (In advance of receipt of the initial TSP assets, 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(s) 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.)
9. Provide, no later than 3:00 p.m. ET 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 dividends 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 Fund(s). 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 upon request at any time during the contract.
10. Provide detailed bills covering management fees, custodian fees (if applicable), and any other fees.

11. Vote all proxies and address all corporate actions in a manner which will result in maximum financial benefits to TSP participants and in accordance with fiduciary responsibilities. Provide the Board with a statement of proxy voting policies and periodic reports explaining any votes that are exceptions to stated policies. Provide updates as policies are revised. Each quarter, provide a report prepared by an independent third party assessing the compliance of the fund(s) with your proxy voting policy/guidelines.
12. Provide information on any insurance policies that protect TSP assets 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.
13. Accept the in-kind transfer of assets from the prior contractor into the proposed fund(s) at a minimal cost to the TSP.
14. Transfer in-kind the assets of the Fund(s) 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.
15. Provide Board staff access to senior investment personnel.
16. 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.
17. Provide the Department of Labor, or its contractor(s), access to the firm's personnel, operations, and records to perform fiduciary compliance audit(s).
18. Obtain from the Department of Labor any desired exemptions from prohibited transaction restrictions contained in the Federal Employees' Retirement System Act of 1986 (e.g., ability to utilize exchange traded funds), without charge to the TSP.

**SECTION D  
PACKAGING AND MARKING**

1. Not Applicable.

## **SECTION E INSPECTION AND ACCEPTANCE**

### 1. Clauses Incorporated By Reference (Feb 1998)

This contract 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 these addresses:

[www.acqnet.gov](http://www.acqnet.gov)  
<http://farsite.hill.af.mil/vffar1.htm>  
[www.arnet.gov/far/](http://www.arnet.gov/far/)

(End of clause)

### 52.246-4 Inspection of Services—Fixed-Price. (AUG 1996)

## **SECTION F DELIVERIES OR PERFORMANCE**

### 1. BASE PERIOD OF PERFORMANCE

The base period of performance of this contract is three (3) years from contract award.

### 2. OPTIONAL PERIODS OF PERFORMANCE

- a. This contract has a provision for two (2) one-year option periods after the expiration of the base period of performance identified in F.1, above. The options are unilaterally exercisable by the Contracting Officer by written modification of the contract.
- b. The Contracting Officer will exercise an option by giving written notice to the Contractor of the Agency's intention to exercise the option at least 30 calendar days prior to the expiration date of the contract or of the previous option period, as appropriate. In the event that the Agency exercises the option, all terms and conditions of the contract will remain the same.

## **SECTION G CONTRACT ADMINISTRATION DATA**

### **1. CONTRACTUAL INFORMATION**

Contractual interpretation and assistance may be obtained by contacting:

Federal Retirement Thrift Investment Board

1250 H Street, N.W., Suite 200  
Washington, DC 20005-3952

Attn: Robert Battersby  
Phone: (202) 942-1693  
E-Mail: RBATTER@tsp.gov

## **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., Suite 200  
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 Agency unless formalized by proper contractual documents executed by the Contracting Officer. The COTR is responsible for:

1. Monitoring the Contractor's 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 inspections and acceptances required by this contract; and,
4. Assisting the Contractor in the resolution of technical problems encountered during the performance of the contract.

- c. The Contracting Officer is responsible for directing any changes in the terms, conditions, or amounts cited in the contract.

- d. In order for the Contractor to rely upon guidance from the COTR, the guidance must:

1. Be consistent with the description of work set forth in the contract;

2. Not constitute new assignments of work or a 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 Agency at any time without prior notice to the Contractor. Written notice to the Contractor will be given by the Contracting Officer to effect any change in COTR.
- f. If in the opinion of the Contractor, any instruction or direction issued by the COTR is not provided for in any of the provisions of the Contract, the Contractor shall not proceed but shall notify the Contracting Officer in writing within five (5) working days after the receipt of any such instruction or direction and shall request the Contracting Officer to modify the contract accordingly. Upon receiving such notification from the Contractor, the Contracting Officer shall issue an appropriate contract modification or advise the Contractor in writing that, in his/her opinion, the technical direction is within the scope of this clause and does not constitute a change under the Changes Clause of the contract. The Contractor shall thereupon proceed immediately with the direction given.
- g. 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."

### **3. SUBMISSION OF INVOICES**

Invoices submitted for payment shall conform to the following requirements:

- a. All invoices must contain contractor's EIN number.
- b. All invoices must contain a "remit to" address.
- c. All invoices must contain sufficiently detailed information to identify and justify the amounts submitted for payment. For material such information shall include priced, quantified lists of all material, parts, and equipment provided and applicable material overheads. For labor such information shall identify all labor categories used, include hours and wage rates for labor categories used, and applicable fringe benefits and overheads. General and Administrative costs (G&A) and profit shall also be identified.
- d. Submit all invoices to:

Federal Retirement Thrift Investment Board  
1250 H Street, N.W., Suite 200  
Washington, DC 20005-3952  
Attn: Office of Accounting

#### **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 its proposal to the Board provided, however, that to the extent that any provisions of the Clauses 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.

#### **5. ORDER OF PRECEDENCE**

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

- a. Section A of the contract;
- b. Sections B, C, E, F, G, and H of the contract;
- c. Section I of the contract; and,
- d. Contractor's proposal, as clarified and amended.

### **SECTION H SPECIAL CONTRACT REQUIREMENTS**

#### **1. BUSINESS PRACTICES AND CONTRACT REQUIREMENTS**

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. Written notice must be received in advance by the Contracting Officer for approval of any changes to these practices.

#### **2. ADVERTISING AND RELEASING OF INFORMATION**

The contractor must not publicize, advertise, or otherwise announce its selection by the Agency without the prior written approval of the Agency. Also, the Contractor may not release information or report on its performance under the contract without the prior written approval of the Agency.

#### **3. KEY PERSONNEL**

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:

Name	Capacity
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

The individuals named above are considered key personnel and are 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 resume of the proposed substitute or replacement including the education, work experience, etc., of each new person for Agency approval. All notifications and other information must be submitted to the Contracting Officer at least 14 calendar days in advance of the action.

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.

**4. REIMBURSEMENT OF TRAVEL EXPENSES**

Travel expenses incurred under this contract and invoiced may not exceed the applicable Federal Travel Regulations.

**5. CONFIDENTIAL INFORMATION**

All information received by the contractor as a result of performance of this contract is confidential and is subject to the Privacy Act. The Contractor and contractor personnel shall maintain this information in strict confidence and shall not disclose this information, or any information obtained as the result of its performance of this contract, to any person or entity, other than employees or bonafide contractors of the Federal Retirement Thrift Investment Board, without the prior written approval of the Agency.

The contractor and contractor personnel shall not disclose this information to any person or entity or otherwise make any improper use of this information during or after the performance period of this contract. The contractor and contractor personnel shall maintain this information in strict confidence and shall make no

changes to the information except as necessary in the performance of the contract. The contractor and contractor personnel and their successors are prohibited forever from using this information for their personal or business gain, personally or for another, directly or indirectly, without prior written approval of the Agency. This provision, or a provision with an identical effect, shall be placed in any subcontracts.

## **6. DISPUTES (JULY 2002)**

(a) Reserved.

(b) Except as provided in the Act, all disputes arising under or relating to this contract shall be resolved under this clause.

(c) "Claim," as used in this clause, means a written demand or written assertion by one of the contracting parties seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of contract terms, or other relief arising under or relating to this contract. However, a written demand or written assertion by the Contractor seeking the payment of money exceeding \$100,000 is not a claim under the Act until certified. A voucher, invoice, or other routine request for payment that is not in dispute when submitted is not a claim under the Act. The submission may be converted to a claim under the Act, by complying with the submission and certification requirements of this clause, if it is disputed either as to liability or amount or is not acted upon in a reasonable time.

(d)(1) A claim by the Contractor shall be made in writing and, unless otherwise stated in this contract, submitted within 6 years after accrual of the claim to the Contracting Officer for a written decision. A claim by the Federal Retirement Thrift Investment Board (Agency) against the Contractor shall be subject to a written decision by the Contracting Officer.

(2)(i) The Contractor shall provide the certification specified in paragraph (d)(2)(iii) of this clause when submitting any claim exceeding \$100,000.

(ii) The certification requirement does not apply to issues in controversy that have not been submitted as all or part of a claim.

(iii) The certification shall state as follows: "I certify that the claim is made in good faith; that the supporting data are accurate and complete to the best of my knowledge and belief; that the amount requested accurately reflects the contract adjustment for which the Contractor believes the Agency is liable; and that I am duly authorized to certify the claim on behalf of the Contractor."

(3) The certification may be executed by any person duly authorized to bind the Contractor with respect to the claim.

(e) For Contractor claims of \$100,000 or less, the Contracting Officer must, if requested in writing by the Contractor, render a decision within 60 days of the request. For Contractor-certified claims over \$100,000, the Contracting Officer must, within 60 days, decide the claim or notify the Contractor of the date by which the decision will be made.

(f) The Contracting Officer's decision shall be final unless the Contractor requests reconsideration by the Executive Director (or designee), the decision on which shall be final.

(g) If the claim by the Contractor is submitted to the Contracting Officer or a claim by the Government is presented to the Contractor, the parties, by mutual consent, may agree to use alternative dispute resolution (ADR). If the Contractor refuses an offer for ADR, the Contractor shall inform the Contracting Officer, in writing, of the Contractor's specific reasons for rejecting the offer.

(h) The Agency shall pay interest on the amount found due and unpaid from (1) the date that the Contracting Officer receives the claim (certified, if required); or (2) the date that payment otherwise would be due, if that date is later, until the date of payment. With regard to claims having defective certifications, as defined in FAR 33.201, interest shall be paid from the date that the Contracting Officer initially receives the perfected claim. Simple interest on claims shall be paid at the rate, fixed by the Secretary of the Treasury as provided in the Act, which is applicable to the period during which the Contracting Officer receives the claim and then at the rate applicable for each 6-month period as fixed by the Treasury Secretary during the pendency of the claim.

(i) The Contractor shall proceed diligently with performance of this contract, pending final resolution of any request for relief, claim, appeal, or action arising under or relating to the contract, and comply with any decision of the Contracting Officer.

## **7. SUBMISSION OF FINANCIAL STATEMENTS**

1. Financial statements shall be submitted to the Contracting Officer's Technical Representative on a quarterly basis.

2. Financial statements submitted to the Agency must be audited or reviewed and prepared on the accrual basis of accounting by an independent certified public accountant licensed by the state of incorporation to perform such services. If the contractor is required by federal or state law to submit audited financial statements, the contractor is required also to submit audited financial statements to the Agency. Otherwise, the contractor may submit reviewed financial statements to the Agency. Audited or reviewed financial statements are to be prepared in accordance with generally accepted accounting principles (GAAP). The format of the financial statements must comply with generally accepted accounting principles. Balance sheets, income statements, a statement of retained earnings, supporting schedules and notes, and the opinion of the independent auditor must accompany the financial statement. The balance sheet must, at a minimum, break down current assets, fixed assets, other assets (if appropriate), current liabilities, long-term liabilities, and equity (or appropriate nonprofit categories), a statement of cash flows, and appropriate accounting notes. If a contractor is organized as a corporation and the corporation is part of a consolidated group, supplemental data must be included showing a breakout of all corporate subsidiaries including a balance sheet and income statement for the individual contractors.

3. Most recent financial statements are to be submitted with the proposal.

## **SECTION I CONTRACT CLAUSES**

### **1. 52.215-19 Notification of Ownership Changes (Oct 1997)**

- (a) The Contractor shall make the following notifications in writing:
- (1) When the Contractor becomes aware that a change in its ownership has occurred, or is certain to occur, that could result in changes in the valuation of its capitalized assets in the accounting records, the Contractor shall notify the Contracting Officer (CO) within 30 days.
  - (2) The Contractor shall also notify the CO within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership.
- (b) The Contractor shall—
- (1) Maintain current, accurate, and complete inventory records of assets and their costs;
  - (2) Provide the CO or designated representative ready access to the records upon request;
  - (3) Ensure that all individual and grouped assets, their capitalized values, accumulated depreciation or amortization, and remaining useful lives are identified accurately before and after each of the Contractor's ownership changes; and
  - (4) Retain and continue to maintain depreciation and amortization schedules based on the asset records maintained before each Contractor ownership change.
- (c) The Contractor shall include the substance of this clause in all subcontracts under this contract that meet the applicability requirement of FAR 15.408(k).  
(End of clause)

### **2. 52.222-39 Notification of Employee Rights Concerning Payment of Union Dues or Fees (Dec 2004)**

- (a) *Definition.* As used in this clause—  
“United States” means the 50 States, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, Guam, the U.S. Virgin Islands, and Wake Island.
- (b) Except as provided in paragraph (e) of this clause, during the term of this contract, the Contractor shall post a notice, in the form of a poster, informing employees of their rights concerning union membership and payment of union dues and fees, in conspicuous places in and about all its plants and offices, including all places where notices to employees are customarily posted. The

notice shall include the following information (except that the information pertaining to National Labor Relations Board shall not be included in notices posted in the plants or offices of carriers subject to the Railway Labor Act, as amended (45 U.S.C. 151-188)).

#### Notice to Employees

Under Federal law, employees cannot be required to join a union or maintain membership in a union in order to retain their jobs. Under certain conditions, the law permits a union and an employer to enter into a union-security agreement requiring employees to pay uniform periodic dues and initiation fees. However, employees who are not union members can object to the use of their payments for certain purposes and can only be required to pay their share of union costs relating to collective bargaining, contract administration, and grievance adjustment.

If you do not want to pay that portion of dues or fees used to support activities not related to collective bargaining, contract administration, or grievance adjustment, you are entitled to an appropriate reduction in your payment. If you believe that you have been required to pay dues or fees used in part to support activities not related to collective bargaining, contract administration, or grievance adjustment, you may be entitled to a refund and to an appropriate reduction in future payments.

For further information concerning your rights, you may wish to contact the National Labor Relations Board (NLRB) either at one of its Regional offices or at the following address or toll free number:

National Labor Relations Board

Division of Information

1099 14th Street, N.W.

Washington, DC 20570

1-866-667-6572

1-866-316-6572 (TTY)

To locate the nearest NLRB office, see NLRB's website at <http://www.nlr.gov>.

(c) The Contractor shall comply with all provisions of Executive Order 13201 of February 17, 2001, and related implementing regulations at 29 CFR Part 470, and orders of the Secretary of Labor.

(d) In the event that the Contractor does not comply with any of the requirements set forth in paragraphs (b), (c), or (g), the Secretary may direct that this contract be cancelled, terminated, or suspended in whole or in part, and declare the Contractor ineligible for further Government contracts in accordance with procedures at 29 CFR Part 470, Subpart B—Compliance Evaluations, Complaint Investigations and Enforcement Procedures. Such other sanctions or remedies may be imposed as are provided by 29 CFR Part 470, which implements Executive Order 13201, or as are otherwise provided by law.

(e) The requirement to post the employee notice in paragraph (b) does not apply to:

- (1) Contractors and subcontractors that employ fewer than 15 persons;
- (2) Contractor establishments or construction work sites where no union has been formally recognized by the Contractor or certified as the exclusive bargaining representative of the Contractor's employees;
- (3) Contractor establishments or construction work sites located in a jurisdiction named in the definition of the United States in which the law of that jurisdiction forbids enforcement of union-security agreements;
- (4) Contractor facilities where upon the written request of the Contractor, the Department of Labor Deputy Assistant Secretary for Labor-Management Programs has waived the posting requirements with respect to any of the Contractor's facilities if the Deputy Assistant Secretary finds that the Contractor has demonstrated that—
  - (i) The facility is in all respects separate and distinct from activities of the Contractor related to the performance of a contract; and
  - (ii) Such a waiver will not interfere with or impede the effectuation of the Executive order; or
- (5) Work outside the United States that does not involve the recruitment or employment of workers within the United States.

(f) The Department of Labor publishes the official employee notice in two variations; one for contractors covered by the Railway Labor Act and a second for all other contractors. The Contractor shall:

- (1) Obtain the required employee notice poster from the Division of Interpretations and Standards, Office of Labor-Management Standards, U.S. Department of Labor, 200 Constitution Avenue, NW, Room N-5605, Washington, DC 20210, or from any field office of the Department's Office of Labor-Management Standards or Office of Federal Contract Compliance Programs;
- (2) Download a copy of the poster from the Office of Labor-Management Standards website at <http://www.olms.dol.gov>; or
- (3) Reproduce and use exact duplicate copies of the Department of Labor's official poster.

(g) The Contractor shall include the substance of this clause in every subcontract or purchase order that exceeds the simplified acquisition threshold, entered into in connection with this contract, unless exempted by the Department of Labor Deputy Assistant Secretary for Labor-Management Programs on account of special circumstances in the national interest under authority of 29 CFR 470.3(c). For indefinite quantity subcontracts, the Contractor shall include the substance of this clause if the value of orders in any calendar year of the subcontract is expected to exceed the simplified acquisition threshold. Pursuant to 29 CFR Part 470, Subpart B—Compliance Evaluations, Complaint Investigations and Enforcement Procedures, the Secretary of Labor may direct the Contractor to take such action in the enforcement of these regulations, including the imposition of sanctions for noncompliance with respect to any such subcontract or purchase order. If the Contractor becomes involved in litigation with a subcontractor or

vendor, or is threatened with such involvement, as a result of such direction, the Contractor may request the United States, through the Secretary of Labor, to enter into such litigation to protect the interests of the United States.

(End of clause)

### **3. 52.252-2 Clauses Incorporated By Reference (Feb 1998)**

This contract 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 these addresses:

[www.acqnet.gov](http://www.acqnet.gov)

<http://farsite.hill.af.mil/vffar1.htm>

[www.arnet.gov/far/](http://www.arnet.gov/far/)

(End of clause)

52.202-1 Definitions. (JUL 2004)

52.203-3 Gratuities. (APR 1984)

52.203-5 Covenant Against Contingent Fees. (APR 1984)

52.203-6 Restrictions on Subcontractor Sales to the Government. (JUL 1995)

52.203-7 Anti-Kickback Procedures. (JUL 1995)

52.203-8 Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity. (JAN 1997)

52.203-10 Price or Fee Adjustment for Illegal or Improper Activity. (JAN 1997)

52.203-12 Limitation on Payments to Influence Certain Federal Transactions. (SEP 2005)

52.204-4 Printed or Copied Double-Sided on Recycled Paper. (AUG 2000)

52.204-7 Central Contractor Registration. (OCT 2003)

52.209-6 Protecting the Government's Interest When Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment. (JAN 2005)

52.215-2 Audit and Records—Negotiation. (JUN 1999)

52.215-21 Requirements for Cost or Pricing Data or Information Other Than Cost or Pricing Data—Modifications. (OCT 1997)

52.217-8 Option to Extend Services. (NOV 1999)

52.217-9 Option to Extend the Term of the Contract. (MAR 2000)

52.222-1 Notice to the Government of Labor Disputes. (FEB 1997)

52.222-3 Convict Labor. (JUN 2003)

52.222-21 Prohibition of Segregated Facilities. (FEB 1999)

52.222-26 Equal Opportunity. (APR 2002)

52.222-35 Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans. (DEC 2001)

52.222-36 Affirmative Action for Workers with Disabilities. (JUN 1998)

52.222-37 Employment Reports on Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans. (DEC 2001)

52.223-6 Drug-Free Workplace. (MAY 2001)

52.224-1 Privacy Act Notification. (APR 1984)  
52.224-2 Privacy Act. (APR 1984)  
52.225-13 Restrictions on Certain Foreign Purchases. (MAR 2005)  
52.227-1 Authorization and Consent. (JUL 1995)  
52.227-14 Rights in Data—General. (JUN 1987)  
52.227-19 Commercial Computer Software—Restricted Rights. (JUN 1987)  
52.227-23 Rights to Proposal Data (Technical). (JUN 1987)  
52.229-3 Federal, State, and Local Taxes. (APR 2003)  
52.232-1 Payments. (APR 1984)  
52.232-8 Discounts for Prompt Payment. (FEB 2002)  
52.232-9 Limitation on Withholding of Payments. (APR 1984)  
52.232-11 Extras. (APR 1984)  
52.232-17 Interest. (JUN 1996)  
52.232-23 Assignment of Claims. (JAN 1986)  
52.232-33 Payment by Electronic Funds Transfer—Central Contractor  
Registration. (OCT 2003)  
52.233-3 Protest after Award. (AUG 1996)  
52.233-4 Applicable Law for Breach of Contract Claim. (OCT 2004)  
52.237-3 Continuity of Services. (JAN 1991)  
52.242-13 Bankruptcy. (JUL 1995)  
52.243-1 Changes—Fixed Price. (AUG 1987) *Alternate I (APR 1984)*  
52.244-2 Subcontracts. (AUG 1998)  
52.244-5 Competition in Subcontracting. (DEC 1996)  
52.245-1 Property Records. (APR 1984)  
52.245-2 Government Property (Fixed-Price Contracts). (MAY 2004)  
52.246-20 Warranty of Services. (MAY 2001)  
52.246-25 Limitation of Liability—Services. (FEB 1997)  
52.249-4 Termination for Convenience of the Government (Services) (Short  
Form). (APR 1984)  
52.249-8 Default (Fixed-Price Supply and Service). (APR 1984)  
52.253-1 Computer Generated Forms. (JAN 1991)

## **SECTION J**

### **LIST OF ATTACHMENTS**

**Attachment A: Information Request**  
**Attachment B: Title 5**

## **ATTACHMENT A: INFORMATION REQUEST**

The information requested below is required to evaluate prospective investment managers to manage one or more daily-valued, commingled index funds (S&P 500 Index, Dow Jones Wilshire 4500 Completion Index, MSCI EAFE Index, Lehman Brothers Aggregate Bond Index) for the TSP. 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:**

- a. U.S. equity index funds
- b. Non-U.S. equity index funds
- c. Fixed income index funds

**2. Provide the number of years managing assets indexed to the following benchmarks:**

- a. S&P 500 Index
- b. Dow Jones Wilshire 4500 Completion Index
- c. MSCI EAFE Index
- d. Lehman Brothers Aggregate Bond Index

**D. 1. What is the ownership structure of the firm (e.g., public, private, LLC, partnership, etc.)?**

**2. Provide a brief history of the firm.**

**3. List the name, relationship, and percentage ownership of each parent organization and any other affiliated organizations (include an organizational chart with parent/affiliate relationships).**

**4. Provide a history of all name changes that the firm has undergone.**

5. Provide the extent of employee ownership of the firm.
6. List any person or organization with a greater than 2% share of ownership in the firm.
7. Describe any significant changes in ownership over the past 5 years.
8. Does the firm have a succession plan? If so, provide a description.
9. Provide a copy of the firm's organizational chart.
10. If any of the entities listed in I.D.3 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.
11. Complete the following table (as of December 31, 2005).

	Firm AUM (\$ in millions)	Percent of Total AUM
Total Passive U.S. Equity		
Total Passive Non-U.S. Equity		
Total Passive Fixed Income		
Total Other Passive		
Total Active*		
Total Other (briefly describe)		
<b>Total Assets Under Management (AUM)</b>		

Total Passive S&P 500 Index
Total Passive DJ Wilshire 4500 Comp. Index
Total Passive MSCI EAFE Index
Total Passive Lehman Agg. Index

\*include enhanced indexing strategies under this category

- E. For the following categories of assets under management for each of the four index strategies that you are offering, provide the size (in dollars), number of accounts, how many accounts are defined contribution plans and their assets, for each year from 1996-2005 (as of December 31, 2005) excluding TSP assets under management, if any.**

- Proposed commingled daily-valued 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 TSP cash flows may be accommodated by cost-free exchange of shares with clients whose cash is flowing in the opposite direction (crossing), without the need for exemptive relief from the Department of Labor. 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 TSP participants will own shares, if different from the “proposed fund.” You may provide up to four tables; one per strategy you are bidding on.

***Proposed Fund***

	Total Assets	Total # of Accounts	Total DC Assets	Total # of DC Accounts
1996				
1997				
1998				
1999				
2000				
2001				
2002				
2003				
2004				
2005				

2. Total other daily-valued index funds (excluding the proposed fund), that are eligible to cross-trade with the proposed fund under an exemption from the Department of Labor. You may provide up to four tables; one per strategy you are bidding on.

***Other Daily Valued Index Funds***

	Total Assets	Total # of Accounts	Total DC Assets	Total # of DC Accounts
1996				
1997				
1998				
1999				
2000				
2001				
2002				
2003				
2004				
2005				

3. Total separate index funds/accounts that are eligible to cross-trade with the proposed fund under an exemption from the Department of Labor. You may provide up to four tables; one per strategy you are bidding on.

***Separate Index Funds/Accounts***

	Total Assets	Total # of Accounts	Total DC Assets	Total # of DC Accounts
1996				
1997				
1998				
1999				
2000				
2001				
2002				
2003				
2004				
2005				

4. Total other funds/accounts that are eligible to cross-trade with the proposed fund under an exemption from the Department of Labor. You may provide up to four tables; one per strategy you are bidding on.

***Other Funds/Accounts***

	Total Assets	Total # of Accounts	Total DC Assets	Total # of DC Accounts
1996				
1997				
1998				
1999				
2000				
2001				
2002				
2003				
2004				
2005				

- F. 1. Provide the December 31, 2005, balances of the 10 largest accounts in the proposed index fund(s) (names of clients are not needed). List all balances if you have fewer than 10 clients.**
- 2. As potential references, provide the names of 5 defined contribution plan clients (contacts and telephone numbers) in each of the proposed index fund(s). List all clients if you have fewer than 5 defined contribution plans in the proposed fund(s).**
- 3. Identify all accounts, with dollar amounts, in the proposed index fund(s) lost in each year, 2001-2005. Provide the reason(s) for termination.**
- G. Do you have a formal research and development process? If so, describe it.**
- H. Provide the 2003, 2004, and 2005 annual reports for the proposed commingled index fund(s) in which the TSP would own shares.**

## **II. Trading**

- A. 1. For each fund, describe how trading costs are minimized. How do you measure implicit costs like bid/ask spread, market impact and opportunity costs? 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 index 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(s) netted together and then are all other internal pre-notification crossing opportunities netted together before external trading occurs? Will the TSP Fund(s) cash flow be included in the daily netting of purchases and sales given the 2:00 p.m. ET notification deadline for TSP?**
- B. Describe the use, if any, of futures in the proposed fund(s). Which futures contracts are used? Does the fund(s) maintain a limit on futures? What were the high and low percentages held in futures in the fund(s) in 2005? Has the proposed fund(s) ever been short futures? If so, explain. Explain any differences in the use of futures at different levels or modules of the proposed fund(s), if any.**
- 1. S&P 500 Index**
  - 2. Dow Jones Wilshire 4500 Completion Index**
  - 3. MSCI EAFE Index**
  - 4. Lehman Brothers Aggregate Bond Index**
- C. 1. Describe all trading methods used and list brokerage firms with whom 10% or more of the external trades are made. If preference is given to any firm(s), state the reasons.**
- a. S&P 500 Index**
  - b. Dow Jones Wilshire 4500 Completion Index**
  - c. MSCI EAFE Index**
  - d. Lehman Brothers Aggregate Bond Index**
- 2. Describe procedures for allocating trading costs among accounts.**
- a. S&P 500 Index**

- b. Dow Jones Wilshire 4500 Completion Index
  - c. MSCI EAFE Index
  - d. Lehman Brothers Aggregate Bond Index
3. **Based on each of the proposed funds' actual trading experience from January 1, 2005, through December 31, 2005 (include only client cash flows into and from the proposed fund, excluding in-kind and fund rebalancing transactions), provide the dollar amount and percentage amount on a daily Fund trade by the TSP (see following table for trade information for each respective index fund) 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 electronic crossing networks.
  - 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. Exclude any actual TSP flows from your trade data, if applicable.

***\$ in millions***

	<b>C Fund</b>	<b>S Fund</b>	<b>I Fund</b>	<b>F Fund</b>
<b>Inflow A</b>	<b>30</b>	<b>25</b>	<b>30</b>	<b>10</b>
<b>Inflow B</b>	<b>70</b>	<b>60</b>	<b>75</b>	<b>15</b>
<b>Outflow C</b>	<b>(30)</b>	<b>(20)</b>	<b>(20)</b>	<b>(5)</b>
<b>Outflow D</b>	<b>(85)</b>	<b>(60)</b>	<b>(50)</b>	<b>(12)</b>

**C Fund**

	Inflow A		Inflow B		Outflow C		Outflow D	
	\$	bps	\$	bps	\$	bps	\$	bps
Crossed (a)								
Crossed (b)								
Crossed (c)								
Futures (d)								
Traded (e)								
Traded (f)								

**S Fund**

	Inflow A		Inflow B		Outflow C		Outflow D	
	\$	bps	\$	bps	\$	bps	\$	bps
Crossed (a)								
Crossed (b)								
Crossed (c)								
Futures (d)								
Traded (e)								
Traded (f)								

**I Fund**

	Inflow A		Inflow B		Outflow C		Outflow D	
	\$	bps	\$	bps	\$	bps	\$	bps
Crossed (a)								
Crossed (b)								
Crossed (c)								
Futures (d)								
Traded (e)								
Traded (f)								

**F Fund**

	Inflow A		Inflow B		Outflow C		Outflow D	
	\$	bps	\$	bps	\$	bps	\$	bps
Crossed (a)								
Crossed (b)								
Crossed (c)								
Futures (d)								
Traded (e)								
Traded (f)								

**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 fund(s) under the circumstances described.**

1. S&P 500 Index
2. Dow Jones Wilshire 4500 Completion Index
3. MSCI EAFE Index
4. Lehman Brothers Aggregate Bond Index

**E. What are the proposed trading limits for the fund(s)? How are the limits established?**

1. S&P 500 Index
2. Dow Jones Wilshire 4500 Completion Index
3. MSCI EAFE Index
4. Lehman Brothers Aggregate Bond Index

**F. Based on actual trading results in the proposed fund(s), on a pre-notification trade basis, provide, for each trade date (i.e., each business day) in the proposed fund(s) in 2005, 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.**

1. S&P 500 Index
2. Dow Jones Wilshire 4500 Completion Index
3. MSCI EAFE Index
4. Lehman Brothers Aggregate Bond Index

**G. For the years 2003, 2004 and 2005, what was the average commission in cents/share for the proposed S&P 500 Index fund and the Dow Jones Wilshire 4500 Index Fund, and the average commission in basis points for the proposed MSCI EAFE Index fund for trades executed in the open market?**

1. S&P 500 Index
2. Dow Jones Wilshire 4500 Completion Index
3. MSCI EAFE Index

**H. Provide daily cash flows and trading costs in basis points of the most active account in the proposed fund(s) on a pre-notification of trades basis in 2005. Client need not be identified.**

1. S&P 500 Index
2. Dow Jones Wilshire 4500 Completion Index
3. MSCI EAFE Index
4. Lehman Brothers Aggregate Bond Index

**I. Provide daily cash flows and trading costs in basis points of the largest account in the proposed fund(s) on a pre-notification of trades basis in 2005. Client need not be identified.**

1. S&P 500 Index
2. Dow Jones Wilshire 4500 Completion Index
3. MSCI EAFE Index
4. Lehman Brothers Aggregate Bond Index

**J. Provide daily cash flows and trading costs in basis points of the largest defined contribution plan in the proposed fund(s) (in terms of cash flow relative to account size and frequency of trading), on a pre-notification of trades basis in 2005. Client need not be identified.**

1. S&P 500 Index
2. Dow Jones Wilshire 4500 Completion Index
3. MSCI EAFE Index
4. Lehman Brothers Aggregate Bond Index

**K. Are your cross-trading rates for the proposed fund(s) audited? If so, provide the audit report for the 2004 and 2005 cross-trading rates, if available.**

1. S&P 500 Index
2. Dow Jones Wilshire 4500 Completion Index
3. MSCI EAFE Index
4. Lehman Brothers Aggregate Bond Index

**L. Does the firm use soft dollars for any strategies under management? If yes, does the firm use soft dollars in conjunction with any passive strategies?**

**M. Does the firm trade with affiliates for any strategies? If yes, does the firm trade with affiliates for any passive strategies?**

### **III. Performance**

**A. Provide time-weighted returns for the proposed fund(s) monthly since the inception of the proposed fund(s). Please specify whether securities lending income is included in the returns. If so, provide the same returns excluding securities lending income.**

1. S&P 500 Index
2. Dow Jones Wilshire 4500 Completion Index
3. MSCI EAFE Index
4. Lehman Brothers Aggregate Bond Index

**B. 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(s).**

1. S&P 500 Index
2. Dow Jones Wilshire 4500 Completion Index
3. MSCI EAFE Index
4. Lehman Brothers Aggregate Bond Index

**C. Indicate the forecasted tracking error for the proposed fund(s) from the benchmark returns. For each year (or portion thereof) since the inception of the proposed fund(s), 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.**

1. S&P 500 Index
2. Dow Jones Wilshire 4500 Completion Index
3. MSCI EAFE Index
4. Lehman Brothers Aggregate Bond Index

**D. Describe in detail the construction technique used to track the respective index for each of the proposed funds.**

1. S&P 500 Index
2. Dow Jones Wilshire 4500 Completion Index
3. MSCI EAFE Index
4. Lehman Brothers Aggregate Bond Index

**E. Provide the sector, industry, and security level misweight limits for each of the proposed fund(s). In addition, provide quality, maturity**

**and duration tolerances for the Lehman Brothers Aggregate Index fund. Provide any other guidelines in place to manage tracking error.**

1. S&P 500 Index
2. Dow Jones Wilshire 4500 Completion Index
3. MSCI EAFE Index
4. Lehman Brothers Aggregate Bond Index

**F. For the proposed equity index fund(s), list any securities that constitute a misweight of more than 0.1% from the benchmark in the proposed fund(s) and explain the reason for each misweight. How have such misweights affected the tracking error (express in basis points) in the proposed fund(s)?**

1. S&P 500 Index
2. Dow Jones Wilshire 4500 Completion Index
3. MSCI EAFE Index

**G. Describe how the proposed fund(s) is adjusted when securities are added/deleted from the benchmark(s), including the usual time span of trading to achieve proper weighting. How is index rebalancing managed for the proposed fund(s)?**

1. S&P 500 Index
2. Dow Jones Wilshire 4500 Completion Index
3. MSCI EAFE Index
4. Lehman Brothers Aggregate Bond Index

**H. Is fair value pricing ever used to value the assets in any of the proposed fund(s)? If so, how often and under what conditions is it used?**

1. S&P 500 Index
2. Dow Jones Wilshire 4500 Completion Index
3. MSCI EAFE Index
4. Lehman Brothers Aggregate Bond Index

#### **IV. Fiduciary/Custodian/Securities Lending/Administration**

##### **A. Fiduciary**

- 1. Provide a copy of policies/guidelines on proxy voting applicable to the proposed fund(s).**
  - a. S&P 500 Index
  - b. Dow Jones Wilshire 4500 Completion Index
  - c. MSCI EAFE Index
  - d. Lehman Brothers Aggregate Bond Index
- 2. 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.**
- 3. Describe any other policies or practices applicable to the proposed fund(s) for ensuring that other fiduciary responsibilities are carried out.**
- 4. 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?**
- 5. 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 each bond.**
- 6. Has the Contractor, or any of the individuals listed in response to item IV.D.2, been party to any proceeding brought by the SEC, IMRO, IRS, DOL, NASD, or other regulatory body within the past five years alleging violation of any law or regulation? If yes, provide details, including status or outcome of proceeding(s).**
- 7. Has the Contractor, or any of the individuals listed in response to item IV.D.2 below, 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 5 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).**

- 8. Provide a copy of the firm’s most recently filed Form ADV and/or SAS 70.**

**B. Custodian**

- 1. Identify the custodian, its affiliation with your firm, the number of years it has been in business, and the number of years the custodian has served as the custodian for the proposed fund(s). Provide the custodian’s total assets in custody (dollars in billions) in the following table.**

	2001	2002	2003	2004	2005
Total U.S. Equity					
Total Non-U.S. Equity					
Total Fixed Income					
Total Other					
Total Assets					

- 2. Are all custodian fees charged to the proposed fund(s)?**
  - a. S&P 500 Index
  - b. Dow Jones Wilshire 4500 Completion Index
  - c. MSCI EAFE Index
  - d. Lehman Brothers Aggregate Bond Index
  
- 3. Describe pricing of individual securities for the valuation of the proposed fund(s), including source of price information. If a discrepancy exists between your pricing and the custodian pricing, how is the discrepancy reconciled?**
  - a. S&P 500 Index
  - b. Dow Jones Wilshire 4500 Completion Index
  - c. MSCI EAFE Index
  - d. Lehman Brothers Aggregate Bond Index
  
- 4. Describe controls over the trade settlement process and income collection/reinvestment process for the proposed fund(s).**
  - a. S&P 500 Index
  - b. Dow Jones Wilshire 4500 Completion Index
  - c. MSCI EAFE Index
  - d. Lehman Brothers Aggregate Bond Index

5. **Describe dividend/interest crediting practices for the proposed fund(s). Are all dividends credited on ex-dividend date?**
  - a. S&P 500 Index
  - b. Dow Jones Wilshire 4500 Completion Index
  - c. MSCI EAFE Index
  - d. Lehman Brothers Aggregate Bond Index
  
6. **Describe the timing and procedures involved in accommodating client cash flows into the proposed fund(s), including:**
  - a. Charges, if any;
  - b. Daily notice requirements, including deadline for trade amount notification;
  - c. Date and time assets are due for purchases and wired for sales of units of the proposed fund(s);
  - d. Accepting client cash flows from two sources, the client and the client's asset manager.
  
7. **At what time is the daily unit value available for the proposed fund(s)? What are your procedures, including client notification, if the unit value is not available by that time? In 2003, 2004, and 2005, on how many days was the daily unit value for the proposed fund(s) not available 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. ET deadline for transmission of daily earnings for the proposed fund(s)?**
  
8. **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) for the proposed fund(s)? Are you willing to commit to the delivery of the first item on the business day after the trade?**
  
9. **Provide sample reports, including samples of standard valuation, transaction, and performance reports. Describe your flexibility to provide customized reports. Can all reports be provided electronically (via Internet)?**

- 10. Describe the procedures to transfer the assets of the proposed fund(s) to another custodian and manager. To what extent would the transfer be completed 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(s)? What are the procedures/requirements?**
  - a. S&P 500 Index
  - b. Dow Jones Wilshire 4500 Completion Index
  - c. MSCI EAFE Index
  - d. Lehman Aggregate Bond Index
  
- 11. Provide an estimate of all costs associated with transferring the assets to the proposed fund(s) from another custodian/manager, including any re-registration costs, taxes, etc.**
  - a. S&P 500 Index
  - b. Dow Jones Wilshire 4500 Completion Index
  - c. MSCI EAFE Index
  - d. Lehman Brothers Aggregate Bond Index
  
- 12. Describe the procedures for ensuring the security of your automated systems.**

### **C. Securities Lending**

- 1. Describe the securities lending program in the proposed fund(s), including a detailed description of controls and a list of firms to which the proposed fund(s) 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(s).**
  
- 2. 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?**
  
- 3. How is the collateral invested? Provide a copy of all policies or guidelines governing the investment of securities lending collateral for the proposed fund(s).**

4. **Are there any fees associated with the collateral investment? If so, what are they for the proposed fund(s)? Are these fees negotiable?**
5. **What controls are in place to ensure the collateral is invested appropriately?**
6. **What are the guidelines for credit quality requirements for derivative counterparties, interest rate exposure, diversification, liquidity, maturity, and determination of suitable investments for the proposed fund(s)? 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? Is lending done on an agency or principal basis?**
7. **What types of derivatives are used by the proposed fund(s)? How are the transactions structured? What are the procedures for marking to market? How frequently are the derivatives marked to market?**
8. **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?**
9. **How frequently is securities lending income posted to client accounts in the proposed fund(s)?**
10. **Do you guarantee participants against loss? What kind of indemnification do you offer?**
11. **Note: Failure to provide the actual securities lending income data for the proposed fund(s) requested in this item will result in the Offeror receiving no credit in the technical evaluation for securities lending, see M.5.**
  - a. For the proposed fund(s), provide by month and by year, for each year from 2001-2005:
    - a. total assets
      - a. S&P 500 Index
      - b. Dow Jones Wilshire 4500 Completion Index
      - c. MSCI EAFE Index

- d. Lehman Brothers Aggregate Bond Index
- ii. assets on loan (in dollars and percentage points)
  - a. S&P 500 Index
  - b. Dow Jones Wilshire 4500 Completion Index
  - c. MSCI EAFE Index
  - d. Lehman Brothers Aggregate Bond Index
- iii. securities lending income, after costs but before split with clients (in dollars and basis points)
  - a. S&P 500 Index
  - b. Dow Jones Wilshire 4500 Completion Index
  - c. MSCI EAFE Index
  - d. Lehman Brothers Aggregate Bond Index
- b. For the proposed fund(s), for each year from 2001-2005, provide the components (i.e., return from rebate rate (RR) and cash collateral (CC) investment return), in basis points, of the annual securities lending income provided in 11.a.iii.

*in basis points*

	C Fund		S Fund		I Fund		F Fund	
	RR	CC	RR	CC	RR	CC	RR	CC
2001								
2002								
2003								
2004								
2005								

- c. Describe how the costs of the lending program are absorbed.
- 12. Are your securities lending income figures audited? If so, how frequently? Enclose the securities lending income audit reports for the proposed fund(s) for 2001-2005, if available.**
- 13. Since inception of the securities lending program:**
  - a. Has the proposed strategy(s) experienced any losses in principal amount of collateral investments or counterparty defaults? 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 strategy(s) ever been reimbursed to prevent the realization of a securities lending loss? If so, describe the events resulting in the reimbursement.**
- c. Has the proposed strategy(s) cash collateral fund ever broken the \$1.00 unit value? If so, describe the circumstances.**

#### **D. Administration**

- 1. How do you service an account? Provide the names and titles of the proposed account representative(s).**
- 2. Provide biographies of executive, investment management, and administrative employees with direct responsibilities for each of the proposed fund(s) 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 Proposal.**
  - a. S&P 500 Index
  - b. Dow Jones Wilshire 4500 Completion Index
  - c. MSCI EAFE Index
  - d. Lehman Brothers Aggregate Bond Index
- 3. What types of compensation packages does the firm have in place to retain employees? List the professionals (from the list above in paragraph D.2) who currently have retention benefits as a component of their compensation package and describe the type of retention benefit provided.**
- 4. Provide the names of all index-related senior investment professionals who joined or left the firm in 2003, 2004, and 2005. Briefly describe the responsibilities, length of tenure with the firm, and the relevant circumstances relating to each individual who left.**
- 5. 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.**

- 6. Provide a sample of the electronic data file to be sent to the TSP record keeper on each business day that includes 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), dividend 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. ET. Explain procedures for notification of the Board and the TSP record keeper if the earnings figures are not transmitted by 6:00 p.m. ET.**
- 7. Provide an example of the transaction summary reports detailing each trade, including number of units purchased, unit value, and trading costs, and also showing dividends and other income credited since the last trade date to be sent to TSP. The index fund manager(s) are expected to 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 Fund(s). Reports should include an explanation of tracking error. Also provide a sample of a monthly report on terms of new investments made with securities lending collateral.**
- 8. Provide a description of your disaster recovery process and backups for your systems.**

**ATTACHMENT B  
TITLE 5**

Title 5 of the United States Code, §§ 8438, 8472, and 8475

**§ 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--

(l) 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.

## **§ 8472. Federal Retirement Thrift Investment Board**

(a) There is established in the Executive branch of the Government a Federal Retirement Thrift Investment Board.

(b) The Board shall be composed of--

(1) 3 members appointed by the President, of whom 1 shall be designated by the President as Chairman; and

(2) 2 members appointed by the President, of whom--

(A) 1 shall be appointed by the President after taking into consideration the recommendation made by the Speaker of the House of Representatives in consultation with the minority leader of the House of Representatives; and

(B) 1 shall be appointed by the President after taking into consideration the recommendation made by the majority leader of the Senate in consultation with the minority leader of the Senate.

(c) Except as provided in section 311 of the Federal Employees' Retirement System Act of 1986, appointments under subsection (a) shall be made by and with the advice and consent of the Senate.

(d) Members of the Board shall have substantial experience, training, and expertise in the management of financial investments and pension benefit plans.

(e)(1) Except as provided in section 311 of the Federal Employees' Retirement System Act of 1986, a member of the Board shall be appointed for a term of 4 years, except that of the members first appointed (other than the members appointed under such section)--

(A) the Chairman shall be appointed for a term of 4 years;

(B) the members appointed under subsection (b)(2) shall be appointed for terms of 3 years; and

(C) the remaining members shall be appointed for terms of 2 years.

(2)(A) A vacancy on the Board shall be filled in the manner in which the original appointment was made and shall be subject to any conditions which applied with respect to the original appointment.

(B) An individual chosen to fill a vacancy shall be appointed for the unexpired term of the member replaced.

(3) The term of any member shall not expire before the date on which the member's successor takes office.

(f) The Board shall--

(1) establish policies for--

(A) the investment and management of the Thrift Savings Fund; and

(B) the administration of subchapter III of this chapter;

(2) review the performance of investments made for the Thrift Savings Fund; and

(3) review and approve the budget of the Board.

(g)(1) The Board may--

(A) adopt, alter, and use a seal;

(B) except as provided in paragraph (2), direct the Executive Director to take such action as the Board considers appropriate to carry out the provisions of this subchapter and subchapter III of this chapter and the policies of the Board;

(C) upon the concurring votes of four members, remove the Executive Director from office for good cause shown; and

(D) take such other actions as may be necessary to carry out the functions of the Board.

(2) Except in the case of investments required by [section 8438](#) of this title to be invested in securities of the Government, the Board may not direct the Executive Director to invest or to cause to be invested any sums in the Thrift Savings Fund in a specific asset or to dispose of or cause to be disposed of any specific asset of such Fund.

(h) The members of the Board shall discharge their responsibilities solely in the interest of participants and beneficiaries under this subchapter and subchapter III of this chapter.

(i) The Board shall prepare and submit to the President, and, at the same time, to the appropriate committees of Congress, an annual budget of the expenses and other items relating to the Board which shall be included as a separate item in the budget required to be transmitted to the Congress under [section 1105 of title 31](#).

(j) The Board may submit to the President, and, at the same time, shall submit to each House of the Congress, any legislative recommendations of the Board relating to any of its functions under this title or any other provision of law.

**§ 8475. Investment policies**

The Board shall develop investment policies under [section 8472\(f\)\(1\)](#) of this title which provide for--

- (1) prudent investments suitable for accumulating funds for payment of retirement income; and
- (2) low administrative costs.

## **SECTION K REPRESENTATIONS, CERTIFICATIONS, AND OTHER STATEMENTS OF OFFERORS**

### **1. 52.204-8 Annual Representations and Certifications (Jan 2006)**

(a)(1) The North American Industry Classification System (NAICS) code for this acquisition is 523920.

(2) The small business size standard is \$6.0.

(3) The small business size standard for a concern which submits an offer in its own name, other than on a construction or service contract, but which proposes to furnish a product which it did not itself manufacture, is 500 employees.

(b)(1) If the clause at 52.204-7, Central Contractor Registration, is included in this solicitation, paragraph (c) of this provision applies.

(2) If the clause at 52.204-7 is not included in this solicitation, and the offeror is currently registered in CCR, and has completed the ORCA electronically, the offeror may choose to use paragraph (c) of this provision instead of completing the corresponding individual representations and certifications in the solicitation. The offeror shall indicate which option applies by checking one of the following boxes:

(i) Paragraph (c) applies.

(ii) Paragraph (c) does not apply and the offeror has completed the individual representations and certifications in the solicitation.

(c) The offeror has completed the annual representations and certifications electronically via the Online Representations and Certifications Application (ORCA) website at <http://orca.bpn.gov>. After reviewing the ORCA database information, the offeror verifies by submission of the offer that the representations and certifications currently posted electronically have been entered or updated within the last 12 months, are current, accurate, complete, and applicable to this solicitation (including the business size standard applicable to the NAICS code referenced for this solicitation), as of the date of this offer and are incorporated in this offer by reference (see FAR 4.1201); except for the changes identified below [*offeror to insert changes, identifying change by clause number, title, date*]. These amended representation(s) and/or certification(s) are also incorporated in this offer and are current, accurate, and complete as of the date of this offer.

Any changes provided by the offeror are applicable to this solicitation only, and do not result in an update to the representations and certifications posted on ORCA.

(End of provision)

## **SECTION L INSTRUCTIONS, CONDITIONS, AND NOTICES TO OFFERORS**

### **1. SUBMISSION OF PROPOSAL.**

The Offeror must provide an original and five (5) copies of the technical proposal and an original and three (3) copies of the price proposal. Audited financial statements for the last three (3) years must be submitted with each copy of the technical proposal. Cost/price data shall not be included in the technical proposal. The price proposal must be submitted under a separate cover. This will be a best value award.

a. Technical Proposal. The technical proposal must be limited to 30 pages (text to be single spaced, no less than 10-pitch font), 8-1/2" X 11" white paper (no less than 20 lb. copy paper). Any pages beyond the 31st will not be reviewed. Further, proposals not meeting the minimum 10-pitch font requirement shall be deemed non-compliant.

Attachment A provides all the questions you are required to answer in your technical proposal. Present your comprehensive response to the questions based on information contained in this Statement of Work. All questions should be addressed completely and concisely and in the order presented in Attachment A. If an alternative method is proposed to a requirement, provide the proposed change and the rationale. Appendices should be used prudently and only when a detailed response is impractical. Ambiguous statements such as "all reasonable efforts..." will not be acceptable.

b. Cost/Price Proposal.

Must be limited to 20 pages (see further specifications in paragraph a. above).

Details concerning the Cost/Price proposal are contained in Section B.3.

Include travel and related charges that may be incurred during this project. All travel must be approved by the COTR in advance and will be reimbursed in accordance with Government travel regulations.

### **2. Due Date**

The proposal packages should be received by the Agency no later than 3:30 PM Eastern Time, June 15, 2006. Address the package as follows:

Federal Retirement Thrift Investment Board  
Attn: Mr. Robert Battersby  
1250 H Street, NW  
Washington, DC 20005-3952

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

Proposal Submitted in Response to Solicitation  
No. TIB-06-R-003  
Package No. \_\_\_\_ of \_\_\_\_  
Date: \_\_\_\_\_

### 3. Bid and Proposal Costs

The Agency will not reimburse Offerors for any expenses incurred in the preparation of proposals submitted in response to this RFP.

### 4. Billing

The successful Offeror will be permitted to submit invoices monthly for incurred costs.

### 5. RFP Questions

All inquiries pertaining to this RFP must be made in writing via e-mail or letter and must be received by 3:30 PM on May 26, 2006. No other method will be accepted. The point of contact for all RFP inquiries is Robert Battersby, 202-942-1693, fax 202-942-1674, email rbatter@tsp.gov.

### 6. Other Considerations

The Agency may conduct on-site visits during the evaluation process. The purposes of the on-site visits would be to:

- a. Substantiate proposal representations.
- b. Supplement information obtained through the proposal questionnaire.
- c. Increase the understanding of the services and operations of Offeror.
- d. Meet the key personnel who will have a significant role in this contract.
- e. Review systems capabilities and security.
- f. Inspect the proposed facility.
- g. Ensure that the facility is habitable, conforms with local codes, and can be ready for occupancy within one (1) month of contract award.

### 7. GRATUITIES

**THE FEDERAL RETIREMENT THRIFT INVESTMENT BOARD MAY, BY WRITTEN NOTICE TO THE OFFEROR, TERMINATE THE RIGHT OF THE OFFEROR TO PROCEED UNDER ANY CONTRACT THAT ARISES AS A RESULT OF THIS SOLICITATION IF IT IS FOUND THAT GRATUITIES, IN THE FORM OF ENTERTAINMENT, GIFTS OR OTHERWISE, WERE OFFERED OR GIVEN BY THE OFFEROR, OR ANY AGENT OR REPRESENTATIVE OF THE OFFEROR, TO ANY OFFICER OR EMPLOYEE OF THE FEDERAL RETIREMENT THRIFT INVESTMENT BOARD WITH THE INTENT TO SECURE FAVORABLE TREATMENT.**

## **8. 52.215-20 Requirements for Cost or Pricing Data or Information Other Than Cost or Pricing Data (Oct 1997)**

(a) Exceptions from cost or pricing data.

(1) In lieu of submitting cost or pricing data, offerors may submit a written request for exception by submitting the information described in the following paragraphs. The Contracting Officer may require additional supporting information, but only to the extent necessary to determine whether an exception should be granted, and whether the price is fair and reasonable.

(i) *Identification of the law or regulation establishing the price offered.* If the price is controlled under law by periodic rulings, reviews, or similar actions of a governmental body, attach a copy of the controlling document, unless it was previously submitted to the contracting office.

(ii) *Commercial item exception.* For a commercial item exception, the offeror shall submit, at a minimum, information on prices at which the same item or similar items have previously been sold in the commercial market that is adequate for evaluating the reasonableness of the price for this acquisition. Such information may include—

(A) For catalog items, a copy of or identification of the catalog and its date, or the appropriate pages for the offered items, or a statement that the catalog is on file in the buying office to which the proposal is being submitted. Provide a copy or describe current discount policies and price lists (published or unpublished), e.g., wholesale, original equipment manufacturer, or reseller. Also explain the basis of each offered price and its relationship to the established catalog price, including how the proposed price relates to the price of recent sales in quantities similar to the proposed quantities;

(B) For market-priced items, the source and date or period of the market quotation or other basis for market price, the base amount, and applicable discounts. In addition, describe the nature of the market;

(C) For items included on an active Federal Supply Service Multiple Award Schedule contract, proof that an exception has been granted for the schedule item.

(2) The offeror grants the Contracting Officer or an authorized representative the right to examine, at any time before award, books, records, documents, or other directly pertinent records to verify any request for an exception under this provision, and the reasonableness of price. For items priced using catalog or market prices, or law or regulation, access does not extend to cost or profit information or other data relevant solely to the offeror's determination of the prices to be offered in the catalog or marketplace.

(b) *Requirements for cost or pricing data.* If the offeror is not granted an exception from the requirement to submit cost or pricing data, the following applies:

(1) The offeror shall prepare and submit cost or pricing data and supporting attachments in accordance with Table 15-2 of FAR 15.408.

(2) As soon as practicable after agreement on price, but before contract award (except for unpriced actions such as letter contracts), the offeror shall submit a Certificate of Current Cost or Pricing Data, as prescribed by FAR 15.406-2.

(End of provision)

#### **9. 52.216-1 Type of Contract (Apr 1984)**

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

(End of provision)

#### **10. 52.233-2 Service of Protest (Aug 1996)**

(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 the Federal Retirement Thrift Investment Board, 1250 H Street, N.W., Suite 200, Washington, DC 20005.

(b) The copy of any protest shall be received in the office designated above within one day of filing a protest with the GAO.

(End of provision)

#### **11. 52.252-1 Solicitation Provisions Incorporated by Reference (Feb 1998)**

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 these addresses:

[www.acqnet.gov](http://www.acqnet.gov)  
<http://farsite.hill.af.mil/vffar1.htm>  
[www.arnet.gov/far/](http://www.arnet.gov/far/)

(End of provision)

52.215-1 Instructions to Offerors—Competitive. (JAN 2004)

52.222-46 Evaluation of Compensation for Professional Employees. (FEB 1993)

## **SECTION M EVALUATION FACTORS FOR AWARD**

### **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 WILL BE BASED SOLELY ON INFORMATION CONTAINED IN THE PROPOSAL AND OTHER DOCUMENTS REQUESTED OR REFERENCED IN THE RFP.** The evaluation process is described below.

### **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 that do not conform, other than for minor irregularities, will not be given further consideration for award of 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 that 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 that meet the requirements of Clause M.4. The Board will evaluate the responsibility of the apparent successful Offeror in light of the factors set forth in FAR Part 9.
- 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.

### **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 score will be developed by combining the final technical evaluation and cost/price scores.

### **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 that 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 agree to 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 have total assets under management, excluding any existing TSP assets, such that after the award, TSP's

index fund assets will not represent more than 50% of the Offeror's total assets under management.

4. Excluding any existing TSP assets, the Offeror must have the following minimum market value in assets under management for each of the strategies that the Offeror proposes to bid for, as of December 31, 2005 (See Information Request paragraph I.E.1 for a discussion of modular or tiered structure as it applies to the size of the strategy).

- a. S&P 500 Index strategy - \$20 billion
- b. Dow Jones Wilshire 4500 Index strategy- \$3 billion
- c. MSCI EAFE Index strategy- \$3 billion
- d. Lehman Aggregate Bond Index strategy- \$3 billion

5. The Offeror must be able to provide commingled, daily-valued index funds suitable for a tax-qualified plan for the appropriate mandate(s) that the Offeror proposes to bid for:

- a. S&P 500 Index strategy
- b. Dow Jones Wilshire 4500 Index strategy
- c. MSCI EAFE Index strategy
- d. Lehman Brothers Aggregate Bond Index strategy

6. The Offeror must have managed assets in each of the strategies that the Offeror proposes to bid for, for a minimum of 3 years.

7. The proposed fund(s) must be designed as follows:

- a. S&P 500 Index fund – the offered fund must be designed to replicate the S&P 500 Index.
- b. Dow Jones Wilshire 4500 Index fund – the offered fund must be designed to track the Dow Jones Wilshire 4500 Index (with reasonable sector, industry, and security misweight tolerances).
- c. MSCI EAFE Index fund – the offered fund must track the MSCI EAFE Index (with reasonable country, sector, industry, and security misweight tolerances).

d. Lehman Brothers Aggregate Bond Index fund - the offered fund must be designed to track the Lehman Brothers Aggregate Bond Index (with reasonable sector, industry, quality, maturity and security misweight tolerances).

8. The offered fund(s) must provide a securities lending program.

9. The offered fund(s) must be able to 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(s) must be able to settle trades one business day after the trade date, and provide transaction detail of the settlement by 3:00 p.m., Eastern Time, on the day the trade is settled (including the proceeds/amount of the purchase or redemption, the number of units bought or sold, the amount of the trading cost, and the amount of the change in cash balances, if applicable).

The Offeror must agree to provide, for each of the offered fund(s), 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, any income from the cash account, and any other income. The daily earnings are to be transmitted as soon as available each business day, but no later than 6:00 p.m., Eastern Time.

10. The Offeror must agree to accept the in-kind transfer of assets from the prior contractor into the proposed fund(s) at a minimal cost to the TSP, and be willing to transfer in-kind the assets of the fund/s 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, in the event a new fund is created or upon contract termination, after 30 days' written notice.

11. 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; provide updates as policies are revised; and each quarter, provide a report prepared by an independent third party assessing the compliance of the fund(s) with your proxy voting guidelines.

## **5. Technical Evaluation – 60 points**

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:

**A. Organizational Experience, Fiduciary and Administrative Competence – 20 points**

Consideration will be given to the qualifications of portfolio managers, administrative account servicing, and other investment personnel; organizational stability; size, growth, and longevity of the proposed fund(s); ability to carry out fiduciary responsibilities; quality of securities lending program; comprehensive proxy voting policies; and ability to provide timely and accurate reports containing the required information.

**B. Trading – 20 points**

Demonstrated ability and opportunity to minimize trading costs.

**C. Performance – 20 points**

Tracking error (annualized standard deviation of monthly difference between fund returns (gross of fees) and index returns) relative to the appropriate index.

**6. Cost/Price Evaluation – 40 points**

The Board will analyze all technically acceptable proposals to determine the price of each proposal. The evaluation will be consistent with the evaluation criteria identified below:

**A. Lowest Net Fees – 25 points**

1. 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 plus other fees) based on the assets in the respective TSP fund(s) on December 31, 2005, and will assign lower point scores to those proposals with higher net fees.

a. Cost evaluation points are attributed to each Offerors' net fees as follows: The lowest Offeror receives maximum points. For every basis point above the lowest net fee, the corresponding score is reduced 5 points (incremental increases of less than one basis point reduce the score proportionately, e.g., a 0.1 basis point increase in fees results in a 0.5 point reduction in score).

## **2. Securities Lending Split – 7.5 points**

- a. The Board will use the information submitted in section B.3 to determine the proposal with the highest crediting rate (in percentage points) on securities lending and will assign lower point scores to those proposals with lower crediting rates.
- b. Securities lending income crediting rate points are attributed as follows: the highest Offeror receives the maximum points. For every 10 percentage point difference in crediting rate below the maximum crediting rate, the corresponding score is reduced 2.5 points (incremental decreases of 1 percentage point will result in a 0.25 point reduction).

## **3. Securities Lending Income – 7.5 points**

- a. The Board will use the information submitted to determine the proposal with the greatest securities lending income (in basis points) earned over the trailing three years ending December 31, 2005, and will assign lower point scores to those proposals with lower securities lending income.
- b. Securities lending income earned points are attributed as follows: the highest Offeror receives the maximum points. For every 1 basis point difference in securities lending income earned below the maximum securities lending income earned, the corresponding score is reduced 1.5 points (incremental decreases of 0.1 basis points will result in a 0.15 point reduction).

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

## **7. Award**

- a. While the total score will be an important factor in the 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 fee, 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.

## **8. Time of Award**

The Board expects to make an award by September. Fund management will be initiated within two months after the award.

## **9. 52.252-1 Solicitation Provisions Incorporated by Reference (Feb 1998)**

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 these addresses:

[www.acqnet.gov](http://www.acqnet.gov)  
<http://farsite.hill.af.mil/vffar1.htm>  
[www.arnet.gov/far/](http://www.arnet.gov/far/)

(End of provision)

52.217-5 Evaluation of Options. (JUL 1990)  
52.232-15 Progress Payments Not Included. (APR 1984)