

Request for Proposal

For

Board Governance Consultant

State Teachers Retirement System of Ohio



Prepared by

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1.0 OVERVIEW OF STRS OHIO

Established in 1920, the State Teachers Retirement System of Ohio (“STRS Ohio”) is one of the nation’s premier retirement systems, serving about 500,000 active, inactive and retired Ohio public educators. STRS Ohio offers a defined benefit plan, defined contribution plan, and combined plan. STRS Ohio also offers a retiree health care program funded by a health care fund. STRS Ohio benefits include service retirement, disability, and survivor benefits for benefit recipients and their dependents. In FY2023, STRS Ohio paid more than \$7.5 billion in service retirements, disability and survivor benefits, plus \$266 million for optional health care coverage net of health care premiums.

With assets of \$92.8 billion (including short-term investments) as of June 30, 2023, STRS Ohio is one of the largest public pension funds in the country. STRS Ohio operates in accordance with Chapter 3307 of the Ohio Revised Code (ORC) as enacted by the Ohio General Assembly. STRS Ohio is legally separate from and fiscally independent of state and local governments. More detailed information about the system, including the most recent Annual Comprehensive Financial Report (ACFR), can be found on STRS Ohio’s website: www.strsoh.org.

2.0 PROJECT OVERVIEW

The STRS Ohio Retirement Board (“Board”) issues this Request for Proposals (“RFP”) to solicit competitive proposals from qualified board governance consultants (each a “Consultant”) for the services described in Section 3 herein. The Board’s objective is to obtain a Consultant that represents the best quality and value for STRS Ohio according to the terms and conditions of this RFP. The services and requirements described in this RFP are mandatory unless specifically described as optional.

STRS Ohio is governed by an eleven (11) member retirement board. Seven (7) Board members are elected to four-year terms by their peers: 5 contributing members, who are active members of STRS Ohio and 2 retired teacher members. Other Board members include the director of the Department of Education and Workforce or his/her designee, the treasurer of state’s designee, an investment expert appointed by the governor, and an investment expert appointed by jointly by the Speaker of the Ohio House of Representatives and the Ohio Senate President.

In May 2022, Funston Advisory Services (FAS) completed its Fiduciary Performance audit of STRS Ohio, as commissioned by the Ohio Retirement Study Council. The findings were presented to the Board in June 2022, and FAS noted the following:

- The Retirement Board has been effectively fulfilling its fiduciary duties of loyalty, prudence, staying informed, diversifying assets, controlling costs, compliance with laws and co-fiduciary duties.
- Overall, STRS is operationally excellent with effective operational policies and processes and is a generally well-run, high performing operation.
- STRS’ investment performance is in the top quartile of systems in the country according to CEM Benchmarking, and investment operations are excellent.
- Member Services are consistently a top performer while costs are currently lower than the average of STRS’ peers.

A link to the full audit report can be found here: <https://www.strsoh.org/pdfs/board/fiduciary-audit-report.pdf>. Recommendations were included in several areas, including governance policies and practices, organizational structure and stakeholder engagement. The Retirement Board is interested in engaging a Board Governance Consultant to assist in the continued review and implementation of audit recommendations, provide general governance consulting services, and direct a review and update of the STRS Ohio strategic plan (current strategic goals can be found [here](#)).

3.0 SCOPE OF ENGAGEMENT

The objective of this RFP is to identify a Board Governance Consultant with the expertise, experience, and resources to provide consulting services and support to the Board and its committees on an as-needed basis in the following areas:

- Advise the Board and its Governance Committee on overall governance structure, including documentation of roles and responsibilities of the Board, Staff and Committees, as well as review and development of policies and procedures (a link to the current Board Policies can be found here: <https://www.strsoh.org/pdfs/board/board-policies.pdf>), taking into account recommendations made in the 2022 FAS Fiduciary Performance audit.
- Direct a review and update of the STRS Ohio strategic plan (current strategic goals can be found [here](#)).
- Recommend and assist in the development of additional governance policies as needed to assist the Board and Staff in fulfilling their fiduciary duties.
- Attend and participate at STRS Ohio Board meetings (including the annual Board Planning and Education Session and STRS Ohio Governance Committee meetings) as requested by STRS Ohio.
- Administer a formal annual Board self-assessment process, including recommendation of a continuing education plan for the Board and its members.
- Serve as a resource for ongoing guidance and education to the Board regarding general governance matters and complete special projects, as requested.
- Work cooperatively and constructively with the Board, Staff and other consulting firms retained by STRS Ohio, as necessary for the completion of the services listed above.

4.0 PROPOSAL FORMAT AND SUBMISSION GUIDELINES

4.1 Proposal Format

To be considered, proposals shall, at a minimum, include all data and information required by this RFP. Proposals shall be in sufficient form and detail to enable a comprehensive understanding and analysis of a Consultant's proposal and all responses required by this RFP. A Consultant's failure to comply with any preparation instructions, terms and conditions, requirements or other aspects of this RFP may be grounds for rejection of the Consultant's proposal, as determined by STRS Ohio in its sole discretion.

For ease of review by STRS Ohio, each requirement should be addressed in a separate section of the proposal. The proposal should be formatted on consecutively numbered pages and include a table of contents.

The proposal for STRS Ohio should be clear, coherent, legible, and prepared in sufficient detail for effective evaluation by STRS Ohio. The proposal must be submitted electronically pursuant to the instructions contained in Section 5.12 of this RFP.

4.2 Table of Contents

To aid in the evaluation of submissions, Consultants are asked to adhere to a standard Table of Contents. There are three distinct components to the properly completed response. They are the Cover Letter, Service Proposal and Cost Proposal. The information should be organized as follows:

A. Cover Letter

The cover letter should include the company name, address, and the name, title, e-mail address, telephone number and signature of the person or persons authorized to contractually bind the Consultant to all commitments made in its proposal. The letter must also include the following statements:

- We have read the Board's Request for Proposals (RFP) for board governance consulting services and understand its intent. We certify that we have adequate personnel, equipment and facilities to provide the requested services. We understand that our ability to meet the criteria and provide the required services shall be judged solely by the STRS Ohio Board and Staff.
- We have no interest, direct or indirect, which would materially conflict with our provision of these services to STRS Ohio, and we shall not employ, in the performance of such services, any person having such a conflict. We have not

directly or indirectly attempted to induce or solicit any person to submit a false proposal or to refrain from proposing, nor have we in any manner sought by collusion to secure an advantage over any other bidder.

- We have thoroughly examined the RFP requirements and our proposed fees cover all the services that we have indicated we can meet. Our proposal is valid until such time that STRS Ohio has completed the RFP Process. We acknowledge and accept all terms and conditions included in the RFP, including without limitation the mandatory contract provisions, and do not assume there will be an opportunity to negotiate any aspect of the proposal.
- We understand that all documents submitted pursuant to this request may be subject to disclosure under Ohio's Public Records Act.
- The individual signing our proposal is authorized to sign on behalf of our firm, to make decisions as to fees and pricing, and has not participated nor will participate in any actions contrary to the above statements.

B. Service Proposal

The Service Proposal should be separated into the following sections:

1. Directed Responses

This section is a list of questions that must be responded to in the proposal. Each item in this section must be addressed by restating the item and then providing a response to it.

- List Consultant's standard services provided for a typical client, in particular a public pension plan board or similar board entity.
- List special services that Consultant has provided to meet other needs of Consultant's clients and / or services unique to the firm.
- Briefly summarize Consultant's philosophy relating to its relationship with retirement board members, staff and other system consultants.
- Describe any governance related education programs Consultant has conducted or makes available to clients.
- Describe how Consultant will work with and make presentations to STRS Ohio, the Board and Staff.
- Describe how Consultant utilizes standard governance practices. This section should identify and describe any potential problems, Consultant's approach to resolving these problems, and any special assistance that may be requested from STRS Ohio.
- Provide any other information believed to be relevant to the proposed engagement.

2. Consultant Information

This section should contain an overview of the Consultant. The overview should include pertinent information such as state of incorporation, history of the company and years working in the area of board governance. A statement regarding the Consultant's legal structure (i.e. Ohio corporation), federal tax ID number and principal place of business must also be included.

3. Personnel Information

Provide the name and hourly rate of the primary individual(s) who will provide direct assistance on the project. Please include how each individual will be involved in the project, including an estimate of the number of hours devoted to the project, a summary of the reasons why the individual can provide the Board with the best assistance available, and a resume for each individual that describes their relevant experience.

Please describe your firm's procedures if key personnel assigned to this engagement leaves your firm during the term of the engagement.

4. Client Information/References

Provide at least three (3) references, all of which should represent contracts held within the last five years. Include the name, title, telephone number, e-mail, and address of each person, company, or entity the Consultant wishes STRS Ohio to use as a reference.

Provide a detailed description of the work product from prior contracts of the Consultant that may be relevant to the scope of work proposed in this RFP, including any work for a government entity and/or public pension fund board.

5. Understanding of the Project

Please describe in detail Consultant's understanding of the services requested and specifically respond to each item of the Scope of Engagement in this RFP.

Please describe areas or processes, not included in the Scope, that the Consultant may examine in order to provide more complete services and consulting support on this project. Also provide a narrative that supports why the Consultant believes that it is qualified to undertake the services requested by STRS Ohio.

6. Legal Issues

Please describe any material litigation, arbitration proceedings or other judicial, administrative or regulatory proceedings, investigations or settlements relating to the business activities of Consultant, its individual principals, directors, or affiliates over the past five (5) years.

7. Mandatory Contract Provisions

Please provide a copy of Consultant's typical contract for services described in this RFP. The sample contract is for informational purposes only. STRS Ohio will provide the form of contract to be entered into for the services, which will include the mandatory contract provisions contained in Attachment 1 that will be applicable to the consulting contract and must be attached to or incorporated therein.

C. Cost Proposal

Provide the fee structure and rate for the contract (hourly, flat fee, etc.). This cost must include all ancillary costs. Please be specific as to what services are included in the proposal and what services are not included.

STRS Ohio prefers for travel expenses (if any) to be included in the fee, rather than reimbursed by STRS Ohio. However, if your fee proposal requires travel expenses to be reimbursed by STRS Ohio, STRS Ohio will only agree to reimburse Consultant's actual, reasonable and necessary travel and related out-of-pocket expenses after receipt of a detailed invoice from Consultant, provided such expenses comply with the receipt and expenditure limits of STRS Ohio's Travel and Expense Policy for Associates, a copy of which will be provided upon request.

Please note that STRS Ohio is tax-exempt, proof of which will be provided upon request.

5.0 GENERAL INFORMATION FOR CONSULTANT

5.1 Communications

STRS Ohio issues and is the sole point of contact for this RFP. Any questions or concerns regarding the RFP should be routed via e-mail to GovernanceRFP@strsoh.org.

Except as expressly contemplated in this RFP, Consultants are restricted from communicating with STRS Ohio Board or Staff in any manner, whether oral, written, electronic or otherwise, from the time this RFP is issued through the final award and approval of the contract or termination of this RFP. **Any communications with STRS Ohio in violation of this restriction may result in immediate disqualification of such Consultant.**

Notwithstanding the above, Consultants who currently do business with STRS Ohio may continue to communicate with STRS Ohio in the normal course of business, provided any such communication does not relate to this RFP.

5.2 Rejection of Proposals

STRS Ohio reserves the right, in its sole discretion, to reject any or all proposals submitted, without comment, and to waive as to any Consultant, any informality or irregularity in a proposal or proposals or any failure to conform to the instructions in this RFP. STRS Ohio may negotiate separately with any or all competing Consultants.

5.3 Incurring Costs

STRS Ohio is not liable for any cost or expenses incurred by Consultants in the preparation of proposals or for attendance at any presentation(s) or meeting(s) related to this RFP.

STRS Ohio makes no representations or warranties, express or implied, either collectively or individually, as to the accuracy or completeness of the information in this RFP. Nothing contained in this RFP is or shall be relied upon as a promise or representation, whether as to the past or the future. Consultant candidates should conduct independent analysis of STRS Ohio and any data contained or referenced in this RFP.

5.4 Request for Proposal is not a contract

This Request for Proposal is neither a contract nor an offer to contract.

5.5 Disclosure of RFP and Proposal Contents

STRS Ohio is subject to the Ohio Public Records Act and the documents submitted pursuant to this RFP may be subject to disclosure under public records laws. Accordingly, Consultant should submit, along with its response to this RFP, a copy of its response in which any information that is trade secret or is otherwise exempt from disclosure under the Ohio Public Records Act is redacted, along with a description of the specific reasons for each redaction, including a

reference to the statutory basis within the Ohio Revised Code upon which Consultant is relying for the redaction. If a request for public records is made that includes information Consultant has submitted pursuant to this RFP, STRS Ohio will provide the requestor with the redacted version of Consultant's response provided pursuant to this section. If any redaction is challenged, Consultant will be called upon, at its sole expense, to defend the validity of said redaction. If the position taken by Consultant in its redactions hereunder results in STRS Ohio suffering any damages, fees or other losses of any kind, Consultant shall indemnify STRS Ohio for such losses. If no redacted copy of the proposal is provided by Consultant, Consultant will be deemed to have consented to the release of its submitted proposal, and to have waived any cause of action against STRS Ohio resulting from the release of Consultant's proposal.

All proposals, documents, and other materials submitted in response to this RFP will become the property of STRS Ohio and will not be returned to Consultant. STRS Ohio will have the right to use any materials or ideas submitted in any proposal without compensation to the Consultant.

5.6 Alternate Proposals and Collusive Proposals

Alternate proposals will not be accepted. Proposals received from Consultants who engage in collusive bidding will be rejected.

5.7 Modification/Termination of RFP

STRS Ohio may, in its sole discretion and without incurring any liability to any Consultant, modify or terminate this RFP at any time and accept or reject any proposal for any reason.

5.8 Safeguarding Confidential Information

The Consultant selected will be required to acknowledge and agree that all records and information of STRS Ohio, including information related to members, accounts, investments, operations, application systems, development environment and infrastructure, are and will remain the property of STRS Ohio; that Consultant will maintain and use all records and information only in its performance of the services it will be providing to STRS Ohio and only in compliance with the laws of Ohio; and that Consultant will refrain from using or disclosing any information for any purpose, unless STRS Ohio specifically consents in writing to a particular use or release of information. Upon the request of STRS Ohio, Consultant will execute a separate non-disclosure agreement.

5.9 News Releases

News releases and/or any other public release of information pertaining to this RFP and/or any resulting project may not be made without STRS Ohio's prior written approval.

5.10 Tentative Schedule of Events

STRS Ohio reserves the right, at its sole discretion, to modify any dates stated in this RFP at any time without notice and accepts no liability to the extent the actual schedule differs from the tentative dates set forth herein.

- Issuance of RFP: May 20, 2024
- Question Deadline: June 7, 2024 5:00 PM Eastern time
- Response to Written Questions Deadline: June 14, 2024
- Intent to Respond to RFP (E-mail): June 17, 2024
- RFP Response Deadline: June 28, 2024 5:00 PM Eastern time
- Evaluation of Qualifying Proposals: July/August 2024
- Consultant Selection and Contract Negotiation Complete by: September 30, 2024

5.11 Questions Concerning RFP

Questions concerning this RFP must be submitted via e-mail to GovernanceRFP@strsoh.org and will be accepted until 5:00 PM Eastern time on June 7, 2024. Questions and answers will be provided to all bidders by June 14, 2024. Any verbal responses from STRS Ohio are to be considered informational only.

5.12 RFP Response Deadline

To be considered, proposals must arrive via e-mail to GovernanceRFP@strsoh.org no later than June 28, 2024 by 5:00 PM Eastern time. Please provide (2) electronic copies of the proposal via email (including one (1) redacted copy for public records requests as described in Section 5.5 of this RFP, if applicable).

Please note that certain submissions made via email may be blocked due to file size limitations on either Consultant's or STRS Ohio's email servers. Please submit your proposal with enough time in advance of the deadline to ensure the transmission goes through in its entirety, and to re-submit by the deadline if necessary. If submissions are not received by STRS Ohio by the deadline for whatever reason, including due to non-transmittal due to size limitations, they will be rejected.

6.0 CONSULTANT SELECTION CRITERIA AND PROCESS

The criteria upon which the evaluation of the proposals will be based include, but are not limited to, the following:

- Completeness and thoroughness of the proposal;
- Consultant's qualifications, service and product offerings;
- Consultant's resources and capabilities;
- Qualifications and expertise of the assigned Consultant staff;
- Proposed deliverables;
- Cost; and
- Other pertinent information regarding Consultant's services.

Lowest rate/pricing is not required to be the primary factor in selecting a Consultant. However, any proposal that does not fall within a competitive range may be excluded from further evaluation. STRS Ohio will identify areas, if any, requiring further clarification. STRS Ohio will notify Consultants if there are questions or if any issues exist requiring clarification and Consultants must then respond in writing within a specified timeframe.

The receipt of a copy of this RFP by a Consultant and a submission of a written proposal by Consultant does not constitute an obligation of STRS Ohio to grant an interview.

STRS Ohio may hold discussions with some or all of the Consultants to further explore their proposals, the scope and nature of the services they would provide, and the various approaches they may take regarding the project. The finalists may be asked to make an in-person presentation to the Retirement Board in August/September 2024.

In making an evaluation of any proposal or making any determination with respect to the evaluation or choice of a Consultant, STRS Ohio shall not be limited to reviewing information provided by a Consultant during the RFP process, and may, at STRS Ohio's sole discretion, consider any pertinent information concerning a Consultant's performance of services similar to the services requested for or on behalf of STRS Ohio.

The selection decision is at the sole discretion of STRS Ohio and is final.

This Request for Proposal is issued on May 20, 2024. STRS Ohio reserves the right, in its sole discretion, to amend or cancel this RFP at any time.

STRS Ohio Request For Proposal
Board Governance Consultant

ATTACHMENT 1 – Mandatory Contract Provisions

Please provide a copy of Consultant's typical contract for services described in this RFP, along with a copy of your certificate of insurance. The sample contract is for informational purposes only. STRS Ohio will provide the form of contract to be entered into for the services, which will include the following provisions with which the Consultant is expected to agree, and which provisions shall control in the event of any conflict:

- Consultant shall act with respect to any transaction arising from or pertaining to its services or involving any interest of STRS Ohio, only under the contract and shall not receive any remuneration in connection with such transaction except under the contract or as may be determined by mutual agreement of STRS Ohio and Consultant in writing in advance.
- Consultant shall disclose in writing those actual and potential conflicts of interest that could reasonably be expected to affect the objectivity of the firm or its employees in fulfilling their duties to STRS Ohio and will update STRS Ohio promptly in the event of any additional actual or potential conflicts of interest.
- Consultant shall comply with all applicable federal, state and local laws, including but not limited to the reporting requirements contained in Ohio Revised Code Sections 101.90 et seq. (concerning the Joint Legislative Ethics Committee), and Chapter 102 and related statutes (concerning the Ohio Ethics Law) in its performance of services under the contract.
- Consultant shall warrant and represent that it has not paid and will not pay, has not given and will not give, any remuneration or thing of value directly or indirectly to STRS Ohio or any of its Board members, officers, employees or agents, or any third party with respect to any contracts, including but not limited to a finder's fee, cash solicitation fee or a fee for consulting, lobbying or otherwise, except as specifically provided for in the contract.
- Consultant shall warrant and represent that it and its individual representatives have expertise of the sort encompassed by the contract and understands that STRS Ohio is relying on said expertise. Consultant shall utilize its best efforts as an expert in carrying out its obligations under the contract.
- Consultant shall warrant and represent that any and all services under the contract will be provided solely within the United States.

- Consultant must maintain errors and omissions insurance as well as liability insurance providing a prudent amount of coverage for negligent acts or omissions and such coverage will be applicable to the Consultant's actions under any agreement resulting from this Request for Proposal.
- The contract shall be governed by the laws of the State of Ohio, and any legal action relating to the contract will be brought in the courts located in Franklin County, Ohio.
- Consultant shall indemnify STRS Ohio from any actual or potential claims arising from the negligent or intentional conduct of Consultant, including costs of defense incurred by STRS Ohio for services of legal counsel of its own selection. Consultant shall agree to defend, at its sole cost and expense, STRS Ohio against any and all such claims or legal actions if called upon to do so.