

Request for Proposal No. 01

Actuarial Audit Services



Employees' Retirement System of Rhode Island (ERSRI)
50 Service Avenue, 2nd Floor
Warwick, RI 02886

Release Date: October 9, 2023
Deadline for receipt of proposals: November 22, 2023, at 4:00 p.m.

For additional information, please contact:
Frank J. Karpinski, Executive Director
(401) 462-7608

**Employees' Retirement System of Rhode Island
Request for Proposal for Actuarial Audit Services**

**Executive Summary
(Please Limit Response to One Page)**

Firm Name: _____

Address: _____

Telephone: _____

Contact Person: _____

Actuarial Team: _____

Number of Public Defined Benefit Clients: _____

Average Amount of Plan Assets: _____

Average Number of Audits Conducted Annually: _____

Why should the Employees' Retirement System of Rhode Island retain your firm to provide actuarial audit services? Please summarize your firm's strengths in the space provided.

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Employees' Retirement System of Rhode Island

Introduction and Historical Background

The Employees' Retirement System of Rhode Island (ERSRI) and the Municipal Employees' Retirement System (MERS) are soliciting proposals from qualified firms to provide an audit of the current actuarial consultant for ERSRI. This Request for Proposal (RFP) is issued in accordance with *Regulation No.1. 3 – Rules Concerning the Selection of Consultants*, a copy of which has been attached to this document.

The Employees' Retirement System is the major public retirement agency in the state of Rhode Island with \$10.6 billion in pension assets. In addition to providing retirement, death, and disability benefits to Rhode Island state employees, it also provides benefits to Rhode Island public school teachers and participants in over 122 municipal plans including public safety. The plan has just over 32,000 active employees and approximately 29,000 retirees. The state system began in 1936, with a teacher plan added on in 1949. The municipal, or MERS plan, was created in 1951.

Consistent with Rhode Island General Law (RIGL) §36-8-3, the Retirement Board is charged with the general administration and responsibility for the proper operation of the retirement system and making effective the provisions of chapters 8 – 10 of title 36, chapters 16 - 17.1 of title 16, chapters 21 – 21.5 of title 45, chapters 22 – 22.2 of title 42 and various retirement titles of chapter 8 of the General Laws. In its continuing efforts to carry out its fiduciary obligations and maintain a comprehensive system of checks and balances, the Board from time to time requires its actuarial advisor be audited.

As stated in Rhode Island General Laws, the general administration and responsibility for the proper operation of the retirement system is vested in a Retirement Board. One of its specific statutory duties is the selection of an actuary. Rhode Island General Law §36-8-10 provides the following:

“The retirement board shall secure the services of an actuary who shall be the actuarial advisor of the board and who shall make the actuarial computations and valuations required by chapters 8 to 10, inclusive.”

Additionally, Rhode Island General Law's §36-8-11 through 14 require experience investigations and an annual valuation of the assets and liabilities of the Employees' Retirement System.

The 1949 Annual Report indicates A.A. Weinberg of Chicago was the consulting actuary to the Employees' Retirement System. He remained the actuary until 1977 when the Martin E. Segal Company replaced Mr. Weinberg. Segal served until 1991, William M. Mercer Co., Inc., then was hired and served until 1997 when the current actuarial firm Gabriel, Roeder, Smith, and Company (Formerly Watson

Wyatt Worldwide) was hired. Gabriel, Roeder, Smith, and Company were recently rehired to serve as ERSRI's actuarial advisor.

Section (1) Scope of Services to be Provided.

The scope of the audit will be limited to the two largest funds, the Employees' Retirement System which includes Rhode Island state employees and public-school teachers and the Municipal Employees' Retirement System which includes general municipal and public safety employees in 122 individual municipal plans. The purpose of this audit is to audit the work of ERSRI's current actuary, Gabriel, Roeder, Smith, and Company (GRS). The audit will review the most recent annual valuation and experience study for ERSRI to express an opinion and assure that the results presented are sound and reasonable. The ERSRI Board requests that the bid be on a fixed fee basis.

The audit should include auditing and commenting on the reasonableness and appropriateness of the valuation methods, assumptions, certifications, and conclusions of the consulting actuary GRS. The audit must include the following:

- (A) Determination of whether the actuarial methods, considerations and analyses used by the consulting actuary (GRS) in preparing the most recent actuarial valuation are technically sound and conform to the appropriate Standards of Practice as promulgated by the Actuarial Standards Board. This determination will include:
1. An in-depth review and analysis of the valuation results, including an evaluation of the data used for reasonableness and consistency as well as a review of mathematical calculations for completeness and accuracy.
 2. Verification that all appropriate benefits have been valued and valued accurately. Verification that the data provided by the system is consistent with data used by GRS.
 3. Evaluation of the actuarial cost method and actuarial asset valuation method in use and whether other methods would be more appropriate for ERSRI as a whole or for particular funds.
 4. Verification of the reasonableness of the calculation of the unfunded actuarial accrued liability and the amortization period.
 5. A full replication of the most recent actuarial valuation for the Employees' Retirement System and the Municipal Employees' Retirement System. Valuations are available on ERSRI's website at [ERS2022_Final\(ersri.org\)](#), [MERS2022_Final.pdf\(ersri.org\)](#)
- (B) Determination of whether the actuarial methods, considerations and analyses used by the consulting actuary (GRS) in preparing the most recent experience study (available at [Employees' Retirement System of Rhode Island\(ersri.org\)](#)) are technically sound and conform to the appropriate

Standards of Practice as promulgated by the Actuarial Standards Board. This determination will include:

1. A review of the demographic and economic actuarial assumptions for consistency, reasonableness, and compatibility.
 2. A full replication, review of the demographic and economic actuarial assumptions for consistency, reasonableness, and compatibility of the most recent experience study for the Employees' Retirement System and the Municipal Employees' Retirement System.
- (C) An opinion as to whether the consulting actuary's reports conform to appropriate Standards of Practice as promulgated by the Actuarial Standards Board and is comprehensive. Any recommendations for improvement in the report presentation should be included.

The comprehensive review described above will result in a final written report and opinion containing the findings, recommendations, and conclusions of the auditing actuary. GRS will be given the opportunity to prepare a written response, if they so desire. Their response will be included in the final report submitted to the ERSRI Board. The auditing actuary will be required to present a formal presentation summarizing their written report to the ERSRI Board.

Other Post Employment Benefit Plans

The Rhode Island State Employees' and Electing Teachers OPEB System (the "System") acts as a common investment and administrative agent for benefits to be provided for six defined benefit other postemployment plans as listed below:

Plan	Members	Plan Type
State employees	State employees and certain employees of the Narragansett Bay Commission, Rhode Island Airport Corporation, and Rhode Island Commerce Corporation.	Cost-sharing multiple employer
Teachers	Certified public-school teachers electing to participate in the System.	Single employer
Judges	Judges and magistrates.	Single employer
State police	State police officers.	Single employer
Legislators	Retired and former members of the General Assembly.	Single employer
Board of Education (BOE)	Certain employees of the Board of Education inclusive of the University of Rhode Island, Rhode Island College and the Community College of Rhode Island and the Office of Higher Education.	Cost-sharing multiple employer

More information about the System, including benefit provisions and the number of employee and retirees covered by plan can be found in the System's audited financial statements which are available on the web at:

<http://www.oag.ri.gov/reports.html> .

Valuations from 2005 through 2022 can be reviewed on the web at:

<http://controller.admin.ri.gov/Other%20Post%20Employment%20Benefits/index.php> .

The annual valuation accounts for the six OPEB plans in accordance with applicable Governmental Accounting Standards Board pronouncements, including the recently issued Standards No. 74 and No. 75, as well as to establish the rates as a percent of payroll for contributions required by law by participating employers, the State is required to have an actuarial valuation of the plans conducted annually as of June 30th.

Services to be provided will include:

The scope of the audit will be limited to the Rhode Island State Employees' and Electing Teachers OPEB System (the "System"). The purpose of this audit is to audit the work of OPEB's current actuary, Gabriel, Roeder, Smith, and Company (GRS). The audit will review the most recent annual valuation for OPEB to express an opinion and assure that the results presented are sound and reasonable. The OPEB Board requests that the bid be on a fixed fee basis.

The audit should include auditing and commenting on the reasonableness and appropriateness of the valuation methods, assumptions, certifications, and conclusions of the consulting actuary GRS. The audit must include the following:

(A) Determination of whether the actuarial methods, considerations and analyses used by the consulting actuary (GRS) in preparing the most recent actuarial valuation are technically sound and conform to the appropriate Standards of Practice as promulgated by the Actuarial Standards Board. This determination will include:

1. An in-depth review and analysis of the valuation results, including an evaluation of the data used for reasonableness and consistency as well as a review of mathematical calculations for completeness and accuracy.
2. Verification that all appropriate benefits have been valued and valued accurately. Verification that the data provided by the system is consistent with data used by GRS.
3. Evaluation of the actuarial cost method and actuarial asset valuation method in use and whether other methods would be more appropriate for OPEB as a whole or for particular funds.
4. Verification of the reasonableness of the calculation of the unfunded actuarial accrued liability and the amortization period.
5. A full replication of the most recent actuarial valuation for the Rhode Island State Employees' and Electing Teachers OPEB System.

(B) Determination of whether the actuarial methods, considerations and analyses used by the consulting actuary (GRS) in preparing the most recent actuarial valuation are technically sound and conform to the appropriate Standards of Practice as promulgated by the Actuarial Standards Board. This determination will include:

1. A review of the demographic and economic actuarial assumptions for consistency, reasonableness, and compatibility.
2. A full replication, review of the demographic and economic actuarial assumptions for consistency and reasonableness for the Rhode Island State Employees' and Electing Teachers OPEB System.

- (C) An opinion as to whether the consulting actuary's reports conform to appropriate Standards of Practice as promulgated by the Actuarial Standards Board and is comprehensive. Any recommendations for improvement in the report presentation should be included.

The comprehensive review described above will result in a final written report and opinion containing the findings, recommendations, and conclusions of the auditing actuary. GRS will be given the opportunity to prepare a written response, if they so desire. Their response will be included in the final report submitted to the OPEB Board. The auditing actuary will be required to present a formal presentation summarizing their written report to the OPEB Board.

The supplemental services noted above are needed by the State of Rhode Island Department of Administration (DOA); **these services would be paid for by DOA and would require a separate contract.** Vendors are encouraged to provide proposals for these services separately. ERSRI will not evaluate the responses for these services nor consider them in their vendor evaluation.

Section (2) Minimum Qualifications and Proposal Requirements

Proposals must be as succinct as possible while providing an accurate picture of the firm's ability to meet the needs of ERSRI in a thorough, accurate, responsive, and cost-effective manner.

Each proposal must contain the following elements:

Transmittal Letter and Minimum Qualifications

Within the transmittal letter, the proposing firm must certify to the following minimum qualifications.

1. The firm is a professional actuarial firm that provides actuarial valuations, experience investigations, and pension consulting services.
2. The principal actuary who will be responsible for the ERSRI audit is a fellow of the Society of Actuaries and is an enrolled actuary.
3. The firm must agree not to enter into an engagement to provide actuarial and/or pension consulting services with any agency of the State of Rhode Island that involves the use of data and other information received from the Employees' Retirement System and the Municipal Employees' Retirement System, unless approved by the Retirement Board.

4. The letter must be signed by an individual authorized to bind the firm contractually and must state the name, title, address, phone number, fax and internet address of a contact person who is authorized to provide clarification of the proposal should it be necessary.

Professional Staff and Firm Methodology

In this section, describe the experience of the individuals who will be assigned to the ERSRI account.

Principal Actuary

- a. Identify the principal actuary by name and give the year such actuary became a Fellow or Associate of the Society of Actuaries and an enrolled actuary under Section 3042 of the Employees' Retirement Income Security Act of 1974.
- b. Detail how long the principal actuaries have been involved in pension consulting and identify those mid-sized public retirement systems (with memberships of 30,000-100,000) in which the actuary has worked as the principal actuary. Also, please state whether such work involved the production of yearly actuarial valuations.
- c. Please include the resume of the principal actuary with your proposal.

Other Professional Staff

Identify and describe the qualifications of professional staff that will be available for work as needed. Please provide a resume of actuarial credentials for each member of the professional staff including the length of time the staff person has worked for a major actuarial firm.

Firm Methodology

Please provide ERSRI with information, not exceeding two pages, regarding your approach to the scope of work outlined in Section 2. Should you consider your approach to actuarial services to be different in any way, please describe those differences.

Firm History and Operations

Please address the following questions regarding your firm:

- 1) How many years has the firm been providing actuarial services?
- 2) Please identify the location of the primary office that will provide services for ERSRI.
- 3) Describe the ownership structure of the firm, including the relationships of each branch office to the branch offices and to the headquarters. Identify the individual who has overall responsibility for the firm's operations.

Please disclose any conflicts of interest that may exist in providing services to ERSRI.

- 4) Please describe any material developments in the ownership structure of your organization over the past three years. Describe any planned material changes in your organization in detail.
- 5) If the client contact person is other than the actuary, please identify who will be the client contact person on the ERSRI account?

Audit of Valuation, Experience Investigation, and Consulting Services

List current state pension system clients (Preferably in the mid-sized range) of the firm for whom you perform actuarial audit services. Also, all firms should submit a past template or sample of a recent audit performed for either an actuarial valuation and / or an experience study.

References

List three public employee retirement system clients for whom the firm has provided professional actuarial and consulting services within the past five years. For each reference listed, include client name, address, and telephone number and name of a contact person. Please asterisk those clients who have worked with the specific actuary who will be assigned ERSRI as a client.

Affirmative Action

Please provide information regarding compliance with equal opportunity and affirmative action requirements.

Contribution Disclosure

Any firm responding to this RFP must disclose all contributions made by any firm-administered Political Action Committee and/or any contributions made by any principals of the firm to any Rhode Island political candidate during the past three years. Further, the candidate must agree to comply with the terms of Rhode Island's General Laws Section 17-27-1 through Section 17-25-5, "Reporting of Political Contributions by State Vendors."

Section (3) Fees for Services

The fee proposal for the consulting and actuarial services requested must be made on a fixed-fee basis including all travel, lodging, meals, and other travel related out-of-pocket expenses. Bidders should identify the estimated number of face-to-face meetings with ERSRI and the presentation to the Board in their cost proposals as well as a timeline for completion of work.

In formulating proposals, Bidders should identify fees as follows:

Service	Fixed Fee
<p>Option 1 - Section (1) (A) (1-5) Determination of whether the actuarial methods, considerations and analyses used by the consulting actuary (GRS) in preparing the most recent actuarial valuation are technically sound and conform to the appropriate Standards of Practice as promulgated by the Actuarial Standards Board. <i>Includes full valuation replication noted in (A)(5) and opinion.</i></p>	\$
<p>Option 2 - Section (1) (A) (1-4) Determination of whether the actuarial methods, considerations and analyses used by the consulting actuary (GRS) in preparing the most recent actuarial valuation are technically sound and conform to the appropriate Standards of Practice as promulgated by the Actuarial Standards Board. <i>This option would only include a statistical sample of the data used and an opinion on the methodologies used in the valuations.</i></p>	\$
<p>Option 3 - Section (1) (B) (1) Determination of whether the actuarial methods, considerations and analyses used by the consulting actuary (GRS) in preparing the most recent experience study are technically sound and conform to the appropriate Standards of Practice as promulgated by the Actuarial Standards Board. <i>A review of the demographic and economic actuarial assumptions for consistency, reasonableness and compatibility. Provide Opinion only.</i></p>	\$
<p>Option 4 - Section (1) (B) (1) Determination of whether the actuarial methods, considerations and analyses used by the consulting actuary (GRS) in preparing the most recent experience study are technically sound and conform to the appropriate Standards of Practice as promulgated by the Actuarial Standards Board. <i>A review of the demographic and economic actuarial assumptions for consistency, reasonableness and compatibility. Perform a statistical sample of the data and provide an opinion.</i></p>	\$
<p>Option 5 - Section (1) (B) (2) A full replication, review of the demographic and economic actuarial assumptions for consistency, reasonableness and compatibility of the most recent experience study. <i>Full study replication and opinion.</i></p>	\$

Please be advised that separate fee charts, described above, must be provided for ERSRI efforts and OPEB efforts.

Total fees should account for a final written report containing the findings and conclusions of the auditing actuary and formal presentation to the Board at a date to be determined as defined in **Section (1) (C)**.

Section (4) Submission of Proposals

Bidders should submit an electronic submission, using the format described in Section B above to frank.karpinski@ersri.org. Please be advised that ERSRI's email system will limit attachment size to 8MB so you may need to break up your email proposal into multiple emails. Bidders must also submit one (1) bound hardcopy of their proposals, with original signatures, to:

Mailing and Delivery Address

Frank J. Karpinski, Executive Director
Employees' Retirement System of Rhode Island
50 Service Avenue, 2nd Floor
Warwick, Rhode Island 02886

Clearly, mark the outside of your package:

**Employees' Retirement System of Rhode Island
RFP for Actuarial Audit Services.**

Proposals must be received by:

November 22, 2023, at 4:00 p.m.

No exceptions to this deadline will be allowed unless the Employees' Retirement System extends the deadline whereupon it will notify recipients of the RFP. The firm's response to this RFP shall be no more than 30 pages (exclusive of exhibits).

Submission of proposals or any portion thereof via fax shall not be accepted.

Any firm that wishes to correct, amend, or supplement their proposal must do so prior to the filing deadline and must do so by withdrawing its proposal in its entirety and submitting a complete, corrected proposal package. Modification in any other manner will not be accepted.

Proposals become the property of ERSRI upon submission and will not be returned.

All cost for developing proposals is entirely the responsibility of the actuarial firm and shall not be chargeable to ERSRI. ERSRI accepts no responsibility for lost or late delivery of proposals.

Questions

Questions about the Request for Proposal must be submitted in writing via email to frank.karpinski@ersri.org or by mail to:

Frank J. Karpinski, Executive Director
Employees' Retirement System of Rhode Island
50 Service Avenue, 2nd Floor
Warwick, Rhode Island 02886

All questions must be received no later than **November 3, 2023, at 4:00 p.m.** and must include an email address to forward responses. All questions, including vendors who request a copy of the Q&A, will be answered in writing, and sent via email between **November 10-14, 2023**. This procedure will constitute the bidders conference as referenced in Rule No. 1.3 *Concerning the Selection of Consultants*, Section 1.3.2 D (3).

Section (5) Evaluation Criteria

Only proposals that meet the Minimum Qualifications will be evaluated. The evaluation will take place in two phases. Phase one will involve review of written proposals. Phase Two will involve interviews for the finalists with the Employees' Retirement Board who will make the final selection.

In both phases of the selection process, firms will be evaluated using the following criteria.

- Firm Understanding of medium sized public defined benefit pension plans similar to ERSRI and MERS
- Firm Methodology
- Professional Staff
- Firm Organizational Background and Resources
- Actuarial Services
- Fees

Section (6) ERSRI Bid Schedule of Events

<i>RFP Released</i>	October 9, 2023
<i>Questions must be received by</i>	November 3, 2023
<i>Proposals Due:</i>	November 22, 2023
<i>Interviews</i>	December 5-7, 2023

Section (7) Miscellaneous Provisions

The ERSRI Retirement Board reserves the right to cancel this RFP at any time and to reject any and all proposals submitted in response to this RFP, if the Retirement Board determines such action or actions to be in the best interest of the membership of the Employees' Retirement System and the Municipal Employees' Retirement System.

ERSRI also reserves the right to request clarification of any submission, modify or alter the Scope of Services and solicit new submissions, reject any or all submissions, and waive immaterial irregularities in any submission.

ERSRI does not intend to entertain limited liability clauses of any type with the winning bidder.

Data Security

Actuarial Firms submitting bids should note that the failure of the selected firm or any of its subcontractors to employ commercially reasonable measures in accordance with industry standards to protect against unauthorized access, use or disclosure of ERSRI pension plan member data held directly by the Actuary audit firm or such subcontractor (as the case may be), **must agree to have no limitation of liability** if a security incident is determined to have been caused by the vendor as a result of a cyber forensic audit. Bidders must provide their security system features in their response to this RFP.

Insurance

The following requirements shall be adhered to by the Contractor throughout the duration of the Contract, and as may otherwise be specified herein. Contractor shall maintain insurance, which shall protect the Contractor and the State from any claims for bodily injury, property damage, and/or personal injury, which may arise out of operations under the Contract. Contractor shall procure the insurance policies at the Contractor's own expense and shall furnish the State an insurance certificate of the coverage required in this Section. Contractor is required to obtain and maintain the following types of insurance coverage for the duration of the Contract:

Insurance / Limits of Liability:

- Worker's Compensation – Statutory
- Unemployment Insurance – Statutory
- Commercial General Liability Insurance – The minimum limits of coverage of such insurance will be \$500,000 per person and \$1,000,000 per occurrence for personal and bodily injury and \$100,000 for property damages.
- Liability, Malpractice, and/or Errors and Omissions Insurance – The contractor shall maintain malpractice and/or an errors and omissions insurance policy. Coverage under these policies must include protection from the fraudulent conduct and breach of fiduciary responsibility of the contractor.

During contract negotiations, if the Employees' Retirement board or its agent is unable to agree to contract terms with the candidate receiving the highest evaluation in this RFP process, the Employees' Retirement Board reserves the right to terminate contract negotiations with that candidate. In the event of such an impasse, the Employees' Retirement System may negotiate with the candidate receiving the next highest evaluation.

Please refer to Regulation No. 1.3 *Rules Concerning the Selection of Consultants* for additional information regarding the selection process.

Contractor will indemnify, and save harmless ERSRI, its directors, officers, employees, and agents from and against any and all claims, actions, damages, liabilities, costs, and expenses arising out of Contractor's operation and performance under this Contract including all claims for bodily and personal injuries, sickness, death and/or damages to property.

All offerors must submit within ten (10) calendar days after notification of intent to award the original or a certified true copy of insurance certificate(s) confirming coverage as stipulated above. If this information is not provided within this time frame, the proposal will be rejected. All insurance coverage costs must be exclusive of any legal costs.

New insurance shall be promptly furnished in the event of insolvency, bankruptcy, or failure of any insurance company. The contractor shall notify ERSRI thirty (30) days in advance of cancellation, termination or alteration of insurance policies as required by this RFP. A renewal policy or certificate shall be delivered to ERSRI at least thirty (30) days prior to the expiration date of each expiring policy. If at any time, any of the policies shall be or become unsatisfactory to ERSRI as to form or substance, or any of the carriers issuing such policies shall be or become unsatisfactory to ERSRI, the Contractor shall promptly obtain a new and satisfactory policy in replacement. If determined necessary by ERSRI's Representative/Contract Administrator, the Contractor shall deliver to ERSRI's Representative upon demand a certified copy of any policy required herein for review.

Insurance certificates must be submitted and accepted by ERSRI prior to the commencement of work under this RFP and accompanying contract. Failure to obtain insurance satisfactory to ERSRI will result in the rescission of any Notice of Award to the offeror. Any contract awarded shall be void if this requirement is not met.

Confidentiality

The staff members that are assigned by the successful offeror to this project – be they employees of the offeror, sub-contractors to the offeror or employees of sub-contractors – may be required to sign an ERSRI non-disclosure statement.

ERSRI may treat all information submitted by an offeror as public information following the conclusion of the selection process unless the offeror properly requests that information be treated as confidential at the time of submitting the bid proposal. ERSRI's release of information is governed by the State of Rhode Island's "Access to Public Records" law (Title 38-2). Offerors are encouraged to familiarize themselves with this law before submitting a proposal. ERSRI will copy public records as required to comply with the public records laws.

Any request for confidential treatment of information must be included in the transmittal letter with the offeror's bid proposal. In addition, the offeror must enumerate the specific grounds in the State of Rhode Island's "Access to Public Records" law (Title 38-2) or other applicable law which support treatment of the material as confidential and explain why disclosure is not in the best interest of the public. The request for confidential treatment of information must also include the name, address, and telephone number of the person authorized by the offeror to respond to any inquiries by ERSRI concerning the confidential status of the materials.

Any bid proposal submitted which contains confidential information must be conspicuously marked on the outside as containing confidential information, and each page upon which confidential information appears must be conspicuously marked as containing confidential information. Identification of the entire bid proposal as confidential may be deemed non-responsive and disqualify the offeror.

If the offeror designates any portion of the proposal as confidential, the offeror must submit one copy of the bid proposal from which the confidential information has been excised or redacted. This excised copy is in addition to the number of copies requested in Section E of this RFP. The confidential material must be excised in such a way as to allow the public to determine the general nature of the material removed and to retain as much of the bid proposal as possible.

ERSRI will treat the information marked confidential as confidential information to the extent such information is determined confidential under the State of Rhode Island's "Access to Public Records" law (Title §38-2) or other applicable law or by a court of competent jurisdiction.

The offeror's failure to request confidential treatment of material will be deemed by ERSRI as a waiver of any right to confidentiality which the offeror may have had.

By submitting a bid proposal, the offeror agrees that ERSRI may copy the bid proposal for purposes of facilitating the evaluation of the bid proposal or to respond to requests for public records. The offeror consents to such copying by submitting a bid proposal and warrants that such copying will not violate its rights or the rights of any third party. ERSRI shall have the right to use ideas or adaptations of ideas that are presented in the bid proposals.

Section (8) Regulation 1.3 Rules Concerning the Selection of Consultants

1.3.1 General Provisions

A. Introduction

The Employees' Retirement System of the State of Rhode Island and the Municipal Employees' Retirement System of the State of Rhode Island (the "System") are authorized to employ consulting and other professional services. The purpose of these Rules is to adopt internal procedures consistent with the requirements of R.I. Gen. Laws Chapter 37-2 (State Purchases Act) in connection with the procurement of consulting services by the System.

B. Definitions

1. All capitalized terms used herein shall have the same meaning as set forth in § 1.2 of this Part. The words defined in this subsection shall have the following meanings wherever they appear in these Rules, unless the context in which they are used clearly requires a different meaning.
 - a. "Consultant" means any person engaged to provide information regarding a particular area of knowledge in which the person has expertise, including, but not limited to, accountants, actuaries, financial consultants, data processing consultants and physicians, excluding, however, legal services.

C. Application of Rules

1. These Rules apply to all expenditures of funds by the System under a contract for consulting services, except contracts between the System and the State or its political subdivisions, or between the System and other governments. The provisions of these Rules shall be considered to be incorporated in all contracts of the System to which they apply.
2. Notwithstanding anything contained in § 1.3.1(C) of this Part, § 1.2 of this Part shall govern the procurement of supplies and services.

D. Procurement Responsibilities of the System

The Procurement Committee shall select persons or firms to render consultant services pursuant to these Rules. Accordingly, the term

“System” shall be used in these Rules to designate the Procurement Committee.

E. Public Access to Procurement Records

Except as otherwise provided for herein all procurement records of the System shall be public record to the extent provided in R.I. Gen. Laws Chapter 38-2 (Access to Public Records) and shall be available to the public as provided in such Act.

F. Procurement Decisions of the System

Every determination required by these Rules shall be in writing and based upon written findings of fact by the System. These determinations and written findings shall be retained in an official contract file in the offices of the System.

1.3.2 Selection of Consultants

A. General Policy

It shall be the policy of the System to publicly announce its requirements for consulting services, which are reasonably estimated to exceed ten thousand dollars (\$10,000.00), and to negotiate contracts for such professional services on the basis of demonstrated competence and qualifications and at fair and reasonable prices.

B. Annual Statement of Qualifications and Performance Data

1. Consultants shall be encouraged by the Executive Director to submit to the System annually a statement of qualifications and performance data which shall include, but not be limited to the following:
 - a. The name of the firm and the location of its principal place of business and all offices;
 - b. The age of the firm and its average number of employees over the past five (5) years;
 - c. The education, training, and qualifications of members of the firm and key employees;
 - d. The experience of the firm, reflecting technical capabilities and project experience; and
 - e. Such other pertinent information as requested by the Executive Director.

C. Public Announcement of Needed Consultant Services

The System shall give public notice in a newspaper of general circulation in the State of the need for consultant services which are reasonably estimated to exceed ten thousand dollars (\$10,000.00). The System may publish such additional notice as it deems necessary to assure response from qualified individuals or firms. Such public notice shall be published sufficiently in advance of the date when responses must be received in order that interested parties have an adequate opportunity to submit a statement of qualifications and performance data. The notice shall contain a brief statement of the services required, describe the project and specify how a solicitation containing specific information on the project may be obtained.

D. Solicitation

1. A solicitation shall be prepared which describes the System's requirements and sets forth the evaluation criteria. It shall be distributed to interested persons.
2. The solicitation shall describe the criteria to be used in evaluating the statement of qualification and performance data and in the selection of firms. Criteria shall include, but are not limited to:
 - a. Competence to perform the services as reflected by
 - b. Technical training and education; general experience; experience in providing the required services; and the qualifications and competence of persons who would be assigned to perform the services;
 - c. Ability to perform the services as reflected by workload
 - d. And the availability of adequate personnel, equipment, and facilities to perform the services expeditiously;
 - e. Past performance as reflected by the evaluation of private persons and officials of other governmental entities that have retained the services of the firm with respect to such factors as control of costs, quality of work, and ability to meet deadlines; and the cost of such services.
3. For services reasonably estimated to exceed twenty thousand dollars (\$20,000.00), a bidder's conference shall be held which describes the criteria to be used in evaluating the statement of qualification and performance data and in the selection of firms. The scope of work shall be discussed and further defined at such conference, including on-site visits, if appropriate.

E. Evaluation of Statements of Qualifications and Performance Data

The consultant selection committee shall evaluate statements that may be submitted in response to the solicitation of consultant services and statements of qualifications and performance data, if required. All such statements shall be evaluated in light of the criteria set forth in the solicitation for consulting services. The consultant selection committee may waive informalities in any such statements.

F. Final Selection of Contractors

1. The consultant selection committee shall select no more than three (3) firms (or two (2) if only two (2) apply) evaluated as being professionally and technically qualified. The firms selected, if still interested in providing the services, shall make a representative available to the consultant selection committee at such time and place as it shall determine, to provide such further information as it may require.
2. The consultant selection committee shall negotiate with the highest qualified firm for a contract for consulting services for the System at compensation which the consultant selection committee determines to be fair and reasonable. In making such determination, the consultant selection committee shall take into account the professional competence and technical merits of the offerors, and the price for which the services are to be rendered. The consultant selection committee shall be responsible for the final selection of the providers of consulting services.

G. Contracts Not Exceeding \$10,000.00

The Executive Director of the System shall be responsible for the final decision on consulting contracts not expected to exceed ten thousand dollars (\$10,000.00). The Executive Director shall, however, notify the Department of Administration, the Division of Purchases and the Division of Budget of the State of its selection. The Executive Director shall use the criteria set forth in § 1.3.2(D)(2) of this Part in making such determinations. Each determination shall be justified in writing.

1.3.3 Remedies

A. Protest of Solicitation and Award

1. Any actual or prospective contractor who is aggrieved in connection with the solicitation or award of any contract under these Rules may file a protest with the System. A protest must be filed in writing not later than two (2) calendar weeks after such aggrieved person knows or should have known of the facts giving rise thereto.

2. The System shall promptly issue a decision in writing regarding such protest. A copy of that decision shall be furnished to the aggrieved party and shall state the reasons for the action taken.
3. In the event a protest is filed in a timely manner under this Section, the System shall not proceed further with the solicitation or award which is the subject of the protest until it has issued a decision on the protest, or determined that continuation of the procurement is necessary to protect a substantial interest of the System.

B. Debarment and Suspension

1. After reasonable notice to the person involved and reasonable opportunity for that person to be heard, the System may debar a person for cause from consideration for award of contracts contemplated by these Rules. The debarment shall not be for a period of more than three (3) years. The System may suspend a person from consideration for award of contracts if there is probable cause for debarment. The suspension shall be for a period of not less than three (3) months.
2. The causes for debarment or suspension include the following:
 - a. Conviction of a criminal offense in connection with obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of such contract or subcontract;
 - b. Conviction under State or Federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, stolen property, or any other offense indicating a lack of business integrity or business honesty which currently, seriously, and directly affects responsibility as a contractor with the System;
 - c. Conviction under State or Federal antitrust statutes arising out of the submission of bids or proposals;
 - d. Violation of contract provisions, as set forth below, of a character which is regarded by the System to be so serious as to justify debarment action, including,
 - (1) Deliberate failure without good cause to perform in accordance with the specifications or within the time limit provided in the contract; or
 - (2) A recent record of failure to perform or of unsatisfactory performance in accordance with the

terms of one or more contracts; provided that failure to perform or unsatisfactory performance caused by acts beyond the control of the contractor shall not be considered to be a basis for debarment;

- e. Any other cause the System determines to be so serious and compelling as to affect responsibility as a contractor, including debarment by a governmental entity.
- 3. The System shall issue a written decision to debar or suspend. The decision shall state the reasons for the action taken; and inform the debarred or suspended person of its rights to judicial review.
- 4. A copy of the decision under § 1.3.3(B)(3) of this Part shall be furnished promptly to the debarred or suspended person.

C. Resolution of Contract Disputes

If any claim or controversy arising under contracts to which these Rules apply is not resolved by mutual agreement, the System shall promptly issue a decision in writing regarding the subject matter of such claim or controversy. A copy of that decision shall be furnished to the contractor. If the System does not issue a written decision within thirty (30) days after written request for a final decision, or within such longer period as might be established by the parties to the contract in writing, then the contractor may proceed as if an adverse decision had been received from the System.

1.3.4 Additional Matters

A. Equal Employment Opportunity

For all contracts for consultant services exceeding ten thousand dollars (\$10,000.00), contractors must comply with the requirements of Federal Executive Order 11246, as amended, and R.I. Gen. Laws § 28-5.1-10. Failure to comply will be considered a substantial breach of the contract subject to penalties prescribed in regulations administered by the Department of Administration of the State.

B. Conflict of Interest

No member or employee of the System shall have any interest, financial or otherwise, direct or indirect, or engage in any activity which is in substantial conflict with the proper discharge of their duties as a member or employee of the System.

1.3.5 Effective Date

A. Effective Date

These Rules shall become effective upon adoption by the Board. Thereafter, the Board shall file a copy of these Rules with the Secretary of State.

B. Contracts in Effect on Effective Date

These Rules shall not change in any way a contract commitment by the System or of a contractor to the System which was in existence on the effective date of these Rules.