



STATE OF VERMONT  
OFFICE OF THE STATE TREASURER

133 State Street  
MONTPELIER, VERMONT 05633-62001  
802-828-2301  
[www.vermonttreasurer.gov](http://www.vermonttreasurer.gov)

## SEALED BID REQUEST FOR PROPOSAL

# THIRD-PARTY ADMINISTRATION FOR STATE OF VERMONT RETIREMENT SINGLE DEPOSIT INVESTMENT ACCOUNT

DATE: March 21, 2005  
QUESTIONS DUE BY: April 6, 2005  
DATE OF BID OPENING: April 22, 2005  
TIME OF BID OPENING: 2:00 P.M.  
LOCATION OF BID OPENING: 133 State Street, Montpelier, VT, 2nd Floor

ALL NOTIFICATIONS, RELEASES AND AMENDMENTS WILL BE POSTED AT:  
[www.vermonttreasurer.gov](http://www.vermonttreasurer.gov)

THE OFFICE OF THE STATE TREASURER WILL MAKE NO ATTEMPT TO CONTACT CONTRACTORS WITH UPDATED INFORMATION.

IT WILL BE THE RESPONSIBILITY OF EACH CONTRACTOR TO PERIODICALLY CHECK THIS SITE FOR THE LATEST DETAILS.

CONTACT: Donna Holden  
TELEPHONE: (802) 828-3708  
E-MAIL: [dholden@tre.state.vt.us](mailto:dholden@tre.state.vt.us)  
FAX: (802) 828-2772



STATE OF VERMONT  
OFFICE OF THE STATE TREASURER

133 State Street  
MONTPELIER, VERMONT 05633-62001  
802-828-2301  
[www.vermonttreasurer.gov](http://www.vermonttreasurer.gov)

## SEALED BID INSTRUCTIONS

All bids must be sealed and must be addressed to the Office of the State Treasurer, 133 State Street, Montpelier, VT 05633-6200. **BID ENVELOPES MUST BE CLEARLY MARKED 'SEALED BID' AND SHOW THE REQUISITION NUMBER AND/OR PROPOSAL TITLE, OPENING DATE AND NAME OF BIDDER.**

All bidders are hereby notified that sealed bids must be in the office of the Office of the State Treasurer by the time of the bid opening. Bidders are cautioned that it is their responsibility to originate the sending of bids in sufficient time to insure receipt by the Office of the State Treasurer prior to the time of the bid opening. Hand carried bids shall be delivered to a representative of the Office of the State Treasurer prior to the bid opening. Bids not in possession of the Office of the State Treasurer at the time of the bid opening will not be considered.

The Office of the State Treasurer may, for cause, change the date and/or time of the bid opening. If a change is made, the Office of the State Treasurer will make a reasonable effort to inform all bidders.

All bids will be publicly opened. Any interested party may attend the bid opening. Bid results may be requested in writing and are available once an award has been made.



STATE OF VERMONT  
OFFICE OF THE STATE TREASURER

133 State Street  
MONTPELIER, VERMONT 05633-62001  
802-828-2301  
[www.vermonttreasurer.gov](http://www.vermonttreasurer.gov)

DATE: March 21, 2005

REQUEST FOR PROPOSAL  
THIS IS A SEALED BID RESPONSE  
BIDS MUST BE RECEIVED BY APRIL 22, 2005, at 2:00 P.M.

This form must be completed and submitted as part of the response for the bid to be considered valid.

The undersigned has read, understood and accepted all provisions, terms and conditions of this proposal.

VERMONT TAX CERTIFICATE

To meet the requirements of Vermont Statute 32 V.S.A. § 3113, by law, no agency of the State may enter into, extend or renew any contract for the provision of goods, services or real estate space with any person unless such person first certifies, under the pains and penalties of perjury, that he or she is in good standing with the Department of Taxes. A person is in good standing if no taxes are due, if the liability for any tax that may be due is on appeal, or if the person is in compliance with a payment plan approved by the Commissioner of Taxes, 32 V.S.A. § 3113.

In signing this bid, the bidder certifies under the pains and penalties of perjury that the company/ individual is in good standing with respect to, or in full compliance with a plan to pay, any and all taxes due the State of Vermont as of the date this statement is made.

Quotation Valid for \_\_\_\_\_ Days      Date: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Name of Company: \_\_\_\_\_

Fax Number: \_\_\_\_\_

Federal Identification Number: \_\_\_\_\_

E-mail address: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Signature (Proposal Not Valid Unless Signed)

(Type or Print)

**March 2005**

**TABLE OF CONTENTS**

<b>SECTION</b>		<b>PAGE</b>
1.	OVERVIEW	2
2.	GENERAL INFORMATION	4
3.	SCOPE OF SERVICES	5
4.	PROCESS FOR SUBMITTING PROPOSALS	9
5.	PROPOSAL SUBMISSION	11
6.	DELIVERY OF PROPOSAL AND SCHEDULE	14
7.	CONTRACT TERMS	16

## **1. OVERVIEW**

The Office of the Vermont State Treasurer is requesting proposals for third-party administration services for the Single Deposit Investment Account (hereinafter SDIA).

### **1.1 Single Point of Contact**

All communications concerning this Request For Proposal (RFP) are to be addressed in writing to the attention of: Donna Holden, Office of the State Treasurer, 133 State Street, Montpelier, VT 05633-7601. Ms. Holden is the sole contact for this proposal. Attempts by bidders to contact any other party could result in the rejection of their proposal.

### **1.2 Statement of Rights**

Notwithstanding any other provisions of the RFP, the State Treasurer reserves the right to reject any or all proposals, to waive any irregularity or informality in a proposal, and to accept or reject any item or a combination of items, when to do so would be to the advantage of the State or its taxpayers. It is further within the right of the State to reject proposals that do not contain all elements and information requested in this document. The State of Vermont shall not be liable for any losses incurred by the bidders throughout this process.

Pricing must be a firm fixed price including all expenses.

If any contractor is aggrieved by the proposed award of the contract, the contractor may appeal in writing to Donna Holden. The appeal must be postmarked within fourteen (14) calendar days following the date of the written notice to award the contract.

The cost of developing and submitting the proposal is entirely the responsibility of the contractor. This includes costs to determine the nature of this engagement, preparation of the proposal, submitting the proposal, negotiating for the contract, and other costs associated with this RFP. All responses will become the property of the State of Vermont and will be a matter of public record subsequent to signing of the contract or rejection of all bids. This RFP does not guarantee any minimum expenditure of dollars related to the completion of the duties. The State does not guarantee that an award will be made as a result of this RFP.

### **1.3 Minimum Qualifications**

The selected contractor must have demonstrated at least five (5) years of experience in the areas of providing similar services to other public and private entities in a similar Plan of equivalent size and scope. The contractor must provide a list of public sector engagements over the past three years, including all additions and terminations. The contractor must demonstrate financial stability and ability of the firm to provide the scope of services requested and the ability to meet the conditions of the standard state contract.

### **1.4 Additional Requirements**

The selected bidder will attest that its firm and key professionals do not have or anticipate having a potential conflict of interest with the Office of the State Treasurer or the Boards of Trustees of the Vermont State Employees' Retirement System or Vermont State Teachers' Retirement System.

## **1.5 Confidential Information**

The bidder agrees that all discussions or information gained during an engagement shall be considered confidential, and that no information gathered by the bidder shall be released without prior consent of the Treasurer's Office. The successful response will become part of the contract file and will become a matter of public record as will all other responses received. If the response includes material that is considered by the bidder to be proprietary and confidential under 1 VSA, Chapter 5 § 317, the bidder shall clearly designate the material as such, explaining why such material should be considered confidential. The bidder must identify each page or section of the response that it believes is proprietary and confidential with sufficient grounds to justify each exemption from release, including the prospective harm to the competitive position of the bidder if the identified material were to be released. Under no circumstances can the entire response or price information be marked confidential. Responses so marked may not be considered.

## **2. GENERAL INFORMATION**

The SDIA was established in 1981 as a tax-sheltered investment option for State of Vermont employees and State of Vermont teachers who elected to transfer to a new, non-contributory retirement plan. Active members taking advantage of the SDIA were allowed to invest all of their prior (taxed) contributions and accrued (taxable) interest, or a portion thereof. Withdrawals from the SDIA may only be made after a participant terminates active service, retires or dies.

Partial distributions from the plan are processed on the 15<sup>th</sup> and the last day of each month. Total distributions, and rollovers are processed only at the end of each month. Total distributions receive investment earnings through the last day of the month, plus interest at a certain rate to date of distribution.

Withdrawals from the plan are processed bi-monthly. Once the distributions have been calculated, the gross amount, tax withholdings, net check, and tax return information (Form 1099R) are sent to the State's custodial bank for processing of the actual checks. Investment earnings are posted to the accounts monthly.

The State will hold the Plan's investment assets in Trust. The custodian bank will act as the Treasurer's agent. The Contractor shall be responsible for receiving Trust investment unit price information from the Custodian/Treasurer in order to thereafter properly adjust Participant Accounts.

The specific services to be provided are included in Section III: "Scope of Services."

The SDIA plan currently has approximately 2,650 participant accounts and approximately \$100 million in assets.

### **3. SCOPE OF SERVICES**

- ▶ The contractor may provide two RFP cost estimates. The first proposal shall include all third-party administration services, check processing, 1099(R) filing, etc., exclusive of custodian bank services.
- ▶ The second, if applicable, may assume the administrator is totally inclusive of all Plan management requirements, including custodial bank services, check processing, 1099(R) filings, etc.

(The services below assume that custodian bank services are exclusive and a separate State relationship.)

**3.1** The Contractor will provide, but is not limited to, the following basic services on an ongoing basis:

1. Set up and maintain individual account records for each participant.
2. Establish distribution/disbursement and tax withholding/reporting services regarding the Plan.
3. Provide the State of Vermont staff “read only” access to participant accounts.
4. Contact each participant, via a mutually agreed method with the State, to obtain and update each participant record with current beneficiary, and account maintenance data.
5. Update participant records monthly with investment earnings. The State and/or Custodian Bank will report the amount of interest to the Contractor.
6. Develop, for the State’s approval, and mail directly to participants an annual Statement of Plan Benefits including, but not limited to, an account summary as of June 30. The account summary will include all transactions in the aggregate since the prior statement date.
7. Provide an 800 number voice response line 24 hours a day, for participant inquiries. Participants with account balances will be provided secured access to the line through the entry of their social security number and a personal identification number (PIN). Information on the 800 line includes participant account balances, remaining after-tax contributions, annualized rates of return, general information as selected by the State regarding withdrawals, distributions, rollovers, taxes, address changes and beneficiary changes.
8. Provide a Web site available 24 hours a day, except for routine maintenance. The appearance and content of the Internet Web site will be customized in terms of such items as the State’s logo, information, colors, etc. Participants may use the State specific Web site to access account and Plan information. The Web site shall be linked to the VRS Web site.
9. Have available client service representatives to answer Participant questions between the hours of 8:00 a.m. and 5:00 p.m. Eastern Standard Time each business day, except regular State and Federal holidays.
10. Respond timely to participant requests to mail withdrawal or rollover forms, beneficiary forms, and any other information regarding the plan and its operations.

11. Open a designated Vermont bank account to enable receipt of funds and to distribute participant requests for distributions. Contractor shall provide monthly reconciliations to the State.
  12. Process partial payments bi-monthly, total payments, and rollovers monthly as requested by participants and/or beneficiaries. The Contractor will provide a listing of withdrawal amounts to the State and request funds from the Custodian Bank for deposit and processing. It will be the Custodian Bank's responsibility to determine that there are sufficient assets to meet the withdrawal amount.
  13. Calculate annual age 70 ½ minimum distribution amounts and provide written notification of this to appropriate participants. Provide automatic payout at year-end, less any withdrawals made during the appropriate period.
  14. Provide the necessary gross amount, tax withholding, net check, and tax return information (Form 1099R) to Custodian Bank for processing checks. Custodian Bank will produce the Form 1099R and file with appropriate agencies.
  15. Sort and maintain demographic data and provide such data on a semi-annual basis to the State for investment projections.
  16. Provide monthly reports of employee statements, summary statements, and exception and accounting reconciliations to the State.
  17. Assist the State with assessment of Participants satisfaction with provided services. This includes providing a proposal, for State review and approval, for formally assessing participant satisfaction with Plan services and determining the process for identifying, reporting and resolving Participant satisfaction issues.
  18. Assist the State with development and mailing of Participant communication materials regarding the SDIA Plan.
  19. Notify the State immediately upon notice of the death of a Participant, and include such information in the appropriate monthly report. Notice shall be via a mutually agreed method.
- 3.2** The State will provide central administration (i.e., the Contractor will work with one central benefits office).
- 3.3** Participant withdrawal provisions must meet the following standards for processing:
1. All partial withdrawals will be no more than two times per month.
  2. All total withdrawals will be submitted no more than one time per month.
  3. The Contractor will provide a listing of withdrawal amounts to be forwarded to the Custodian Bank for processing. It will be the Custodian Bank's responsibility to determine that there are sufficient assets to meet the withdrawal amount.

4. All total withdrawals will receive the regular interest posting through the end of that month, plus interest at money market rates from the first of the next month to the date the check is written.

**3.4** Investment earnings will be allocated monthly to each participant account. This allocation will be in the same proportion as the following for all participants:

1. The balance of the participant's account held as of the immediately preceding monthly allocation date less all withdrawals made since the last monthly allocation date (excluding investment earnings paid to total distributions through the date of distribution).

Note: Investment earnings credited through the date the distribution checks are issued have been calculated and pre-allocated total distributions processed as of the close of the prior monthly allocation based on a stated rate of return provided by the State or the Contractor. Thus, these amounts of pre-allocated investment earnings will be netted from investment earnings before the allocation process as noted above is undertaken.

**3.5** The Contractor will provide the State with a monthly reconciliation showing all withdrawal transactions processed, in the aggregate, and monthly account balance data by diskette for inquiries made by participants.

**3.6** Plan Implementation Services:

The Contractor shall:

1. Ensure that it will be ready to receive, post and maintain Plan Participant Accounts, in accordance with the Contract, as of the first day on which the State transmits Participant demographic and Account data.
2. Conduct an electronic edit of data received to identify potential exceptions and/or discrepancies.
3. Assist with research and resolution of any data/reconciliation discrepancies with the State.
4. Develop and test its programs and systems to ensure their functionality for timely and accurate performance of Plan services and activity.
5. Deliver to the State (by mutually agreed upon date) a formal implementation report regarding the completion of the Plan services implementation, and an action plan report for Plan activities.
6. Develop for the State's approval, and mail Participants via pre-sorted standard mail, (by mutually agreed upon date) an announcement mailer that introduces the Contractor and features of the third-party administration. The mailer shall include details on using the Contractor's voice response system, Web site, as well as other Contractor resources and tools. The Contractor may, upon approval, develop and seek new data information via beneficiary forms, demographic survey, etc.

7. Develop for State approval, a plan and method for generating and issuing initial PINs to Plan Participants. The Contractor shall provide the information to the Participants, and provide ongoing ability for Participants to request a PIN reminder, and changes.

## **4. PROCESS FOR SUBMITTING PROPOSALS**

### **4.1 Contract Award**

Awards will be made pursuant to laws of the State of Vermont.

### **4.2 Evaluation Criteria**

The Office of the State Treasurer will conduct a fair and impartial evaluation of the proposals received in response to this RFP.

Fees and compensation will be an important factor in the evaluation of responses. However, the Office of the State Treasurer is not required to select the low cost bidder, but may select the bid that demonstrates the “best value” overall, including proposed alternatives, and that meets the objectives of this RFP. The Office of the State Treasurer reserves the right to negotiate a change in any element of contract performance or cost identified in the RFP.

<b>Evaluation of Proposals</b>
A. RFP Understanding Approach Clarity Creativity of proposal Responsiveness to Scope of Services
B. General Experience & Qualifications of Firm Experience Assigned personnel Any other resources assigned to State
C. Financial Security
D. Cost

Once the technical proposal is discussed and ranked, the cost proposal will be reviewed for consistency with, and in light of, the evaluation of the technical proposal. The Office of the State Treasurer reserves the right to seek clarification of any proposal submitted, request oral presentations and to select the proposal considered to best promote the public interest.

The State of Vermont is conscious of and concerned about collusion. It should therefore be understood by all that in signing bid and contract documents they agree that the prices quoted have been arrived at without collusion and that no prior information concerning these prices has been received from or given to a competitive company. If there is sufficient evidence to warrant investigation of the bid/contract process by the Office of the Attorney General, all bidders should understand that this paragraph might be used as a basis for litigation.

### **4.3 QUESTION AND ANSWER PERIOD**

Any contractor requiring clarification of any section of this proposal or wishing to comment or take exception to any requirements or other portion of the RFP must submit specific questions in writing no later than April 6, 2005. Answers will be posted to the Treasurer’s Web site no later than April 11, 2005.

Questions may be e-mailed or sent through the mail only to [dholden@tre.state.vt.us](mailto:dholden@tre.state.vt.us) or faxed to (802) 828-2772. Inquiries should be addressed to the attention of: Donna Holden, Office of the State Treasurer, 133 State Street, Montpelier, VT 05633-6200.

Any objection to the RFP or to any provision of the RFP, that is not raised in writing on or before the last day of the question period is waived. At the close of the question period a copy of all questions or comments and the State's responses will be posted on the State's web site [www.vermonttreasurer.gov](http://www.vermonttreasurer.gov). Every effort will be made to have these available as soon as possible after the question period ends, contingent on the number and complexity of the questions.

## **5. PROPOSAL SUBMISSION**

The instructions and format for the submission of proposal information are designed to ensure the provision of data considered essential to the understanding and comprehensive evaluation of the bidders' proposals. There is no intent to limit the content of the proposals or in any way to inhibit a presentation in other than the contractor's favor. The contractor may include such additional information or data as may be appropriate, or offer alternate solutions but should not exclude any portion requested in this document. All proposals should contain, at a minimum, the following information:

### **5.1 Cover Letter**

The response should contain a cover letter and introduction, including: the company name and address, and the name, e-mail address, and telephone number of the person or persons authorized to represent the respondent regarding all matters related to the response. The cover letter must contain the following statement:

“We have read the State’s Request for Proposals (RFP) to Provide *Third-Party Administration for the State of Vermont Retirement SDIA*, and fully understand its intent. We certify that we have adequate personnel, equipment, and facilities to provide the State’s requested services that we have indicated we can meet. We understand that our ability to meet the criteria and provide the required services shall be judged solely by the Office of the State Treasurer.”

A person authorized to bind the firm to all commitments made in its response shall sign this letter.

In addition, the cover letter must certify that:

1. The response is genuine, and is not collusive or a sham.
2. The response is not made in the interest of or on the behalf of any person not named therein.
3. The bidder has not directly or indirectly induced or solicited any person to submit a false or sham response or to refrain from submitting a proposal.
4. The bidder has not in any manner sought by collusion to secure an advantage over any other respondent.
5. The bidder has thoroughly examined the RFP requirements and proposed fees cover all the services that we have indicated.
6. The bidder acknowledges and accepts all terms and conditions included in the RFP.
7. The bidder agrees to provide administration services in a manner acceptable to the Treasurer’s Office, and as stipulated in the RFP and subsequent contract.
8. The bidder and key professionals do not have or anticipate a potential conflict of interest with the Office of the State Treasurer or the Boards of Trustees of the three retirement systems.
9. The bidder and key professionals do not accept fees and derive no benefit from relationships with any vendors that may be involved in the project.

10. The bidder has completed and submitted, with the RFP response, the Vermont Tax Certificate, provided in this RFP.
11. The bidder has submitted financial information. Publicly owned businesses agree to provide their most recent annual financial report. Privately owned businesses agree to provide company financials, if available. The bidder should indicate whether a SAS #70 or comparable report is available for inspection, upon request. Proprietary and/or confidential materials must be marked accordingly.

## **5.2 Executive Summary**

All responses from bidders must include a summary of the approach to be used for completing all of the requirements outlined in the Scope of Services. The Executive Summary for your Technical Proposal may not mention costs. You must have a separate Executive Summary for your Cost Proposal package.

## **5.3 Corporate Background & Experience**

All responses from bidders must include company background and corporate experience to date. Bidders must provide a minimum of three references and a description of the bidder's experience in completing a similar application of equivalent size and scope including a description of at least one successful implementation of a public sector retirement program. All bids must also include a staffing plan that identifies key personnel and their qualifications and experience.

## **5.4 References**

All responses must submit at least two names and contact information (address, phone, e-mail) of customers for whom you are currently providing services similar to the ones proposed in this RFP, including at least one public sector engagement.

## **5.5 Cost Proposal**

The contractor may provide two RFP cost estimates. The first proposal shall include all third-party administration services, check processing, 1099(R) filing, etc., exclusive of custodian bank services.

The second, if applicable, may assume the administrator is totally inclusive of all Plan management requirements, including custodial bank services, check processing, 1099(R) filings, etc.

The bidder must provide a firm, fixed price, for the completion of the tasks they will complete in response to the requirements detailed in the Scope of Work. The payment schedule must be the bidder's best and final offer. Submit ten (10) copies of the cost proposal, clearly marked as such, and separated from the technical proposal.

The bidder must specify the total cost of services for the contract period. Provide costs specific to the first year and second year. Within this total cost, specify pricing for the following, if applicable:

- Cost per partial withdrawal
- Cost per total distribution
- Cost per 70 ½ calculation and distribution
- Provision of quarterly and annual account status
- Mailing of annual statements
- Provision of "800" number for account inquiry and current interest rate

Provision and maintenance of a designate Web site  
Any one time or non-recurring fees for conversion or set-up  
Contractor expenses such as travel, printing, postage, telephone charges  
Any other costs not specified above (describe in detail)  
Cost for all inclusive services including custodial bank services

A separate payment schedule for each scenario may be attached, if applicable.

## **6. DELIVERY OF PROPOSALS AND SCHEDULE**

### **6.1 Preparation of Proposal**

Each proposal shall be prepared simply and economically, avoiding the use of elaborate promotional materials beyond those sufficient to provide a complete, accurate and reliable presentation.

### **6.2 Packaging of Proposal and Delivery Instructions**

Bid must be delivered to: Office of the State Treasurer, 133 State Street, Montpelier, VT 05633-6200 prior to 2:00 P.M on April 22, 2005. Proposals or unsolicited amendments submitted after that time will not be accepted and will be returned to the contractor. Contractors are cautioned that it is their responsibility to originate the mailing of bids in sufficient time to ensure receipt prior to closing time on the date specified at the appointed place of the bid opening.

Faxed bids will not be accepted.

The bid opening will be held at 2:00 P.M. on April 22, 2005, in the Office of the State Treasurer, Floor 2, 133 State Street, Montpelier, VT and is open to the public.

Submit ten (10) copies of the technical proposal in a single envelope, and ten (10) copies of the cost proposal in a *separate* envelope; each envelope must be clearly marked "technical" or "cost". Proposals that do not separate technical from cost data may be considered unresponsive to this RFP.

Also submit one unbound master copy including separate technical and cost proposals and one electronic copy using MS Office for Windows 2000 (or higher) tools with as few separate files as possible. All documents shall be submitted in a sealed package and must be clearly marked as follows:

- name and address of the bidding firm
- due date and time – April 22, 2005, 2:00 P.M.
- envelope contents (i.e. technical proposal or cost proposal)

If bids are being sent via an express delivery service, be certain that the RFP title designation is clearly shown on the outside of the delivery envelope or box.

Submit proposals to:

Donna Holden  
Contract Administrator  
State Treasurer's Office  
133 State Street  
Montpelier, VT 05633-6200

All proposals must be delivered to the above office no later than 2:00 p.m. Eastern time on April 22, 2005. Proposals received after the above date and time may not be considered. Faxed proposals will not be accepted.

### **6.3 RFP Process Schedule**

Below is the proposed RFP schedule. With the exception of the questions due, answers posted and RFP response date, all other dates are subject to change at the discretion of the Treasurer.

Date Posted:	March 21, 2005
Questions due:	April 6, 2005
Answers posted:	April 11, 2005
RFP Responses due:	April 22, 2005
RFP Reviews Completed:	May 6, 2005
Contract Negotiations and Award	May 13, 2005
Contract Start Date:	June 15, 2005

### **6.4 Updates To This RFP Will Be Posted**

All notifications, releases and amendments will be posted at:

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

The State will make no attempt to contact contractors with updated information. It will be the responsibility of each contractor to periodically check this site for the latest details

## **7. Contract Term**

The contract period is for two years with the option to extend it annually for up to two additional years.

The vendor awarded a contract will provide the State with a copy of their latest annual SAS #70 or similar report that should include a description of controls and control objectives of the service organization and an opinion on whether the controls were suitably designed to achieve the specified control objectives. Additional or substitute documents may also be requested by the State.

### **STATE OF VERMONT CONTRACT FOR PERSONAL SERVICES**

#### *STATE OF VERMONT STANDARD CONTRACT FOR PERSONAL SERVICES*

1. **Parties:** This is a contract for personal services between the State of Vermont \_\_\_\_\_ (hereafter called “State”), and \_\_\_\_\_  
with \_\_\_\_\_ principal place of business in \_\_\_\_\_ (hereafter called “Contractor”). Contractor’s form of business organization is \_\_\_\_\_. Contractor (is/is not) required by law to have a Business Account Number from the Vermont Department of Taxes. Account Number is (#\_\_\_\_\_/not required by law).
2. **Subject Matter:** The subject matter of this contract is personal services generally on the subject of \_\_\_\_\_. Detailed services to be provided by the Contractor are described in ATTACHMENT A (below).
3. **Maximum Amount:** In consideration of the services to be performed by Contractor, the State agrees to pay Contractor, in accordance with the payment provisions specified in ATTACHMENT B, a sum not to exceed \$\_\_\_\_\_.00.
4. **Contract Term:** The period of Contractor’s performance shall begin on \_\_\_\_\_, 20\_\_\_\_, and end on \_\_\_\_\_, 20\_\_\_\_.
5. **Prior Approvals:** If approval by the Attorney General’s Office or the Secretary of Administration is required (under current law, bulletins, and interpretations), neither this contract nor any amendment to it is binding until it has been approved by either or both such persons.  
  
-Approval by the Attorney General’s Office is/is not required.  
  
-Approval by the Secretary of Administration is/is not required.
6. **Amendment:** No changes, modifications, or amendments in the terms and conditions of this contract shall be effective unless reduced to writing, and numbered and signed by the duly authorized representative of the State and Contractor.

7. **Cancellation:** This contract may be canceled by either party by giving written notice at least \_\_\_\_ days in advance of the proposed cancellation date.

8. **Attachments:** This contract consists of \_\_\_\_ pages including the following attachments, which are incorporated herein:

- Attachment A – Specifications of Work to be Performed
- Attachment B – Payment Provisions
- Attachment C – “Customary State Contract Provisions” (revision date 2/95).
- Attachment D – Standards of Conduct Policy

Contract # \_\_\_\_\_

WE, THE UNDERSIGNED PARTIES, AGREE TO BE BOUND BY THIS CONTRACT.

by the STATE OF VERMONT:

by the CONTRACTOR:

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Name/Title: \_\_\_\_\_

Name/Title: \_\_\_\_\_

Agency: \_\_\_\_\_

Fed ID/S. Sec# \_\_\_\_\_

STATE OF VERMONT  
CONTRACT FOR PERSONAL SERVICES

**ATTACHMENT A**  
SPECIFICATIONS OF WORK TO BE PERFORMED  
(Insert Attachment A)

**ATTACHMENT B**  
PAYMENT PROVISIONS  
(Insert Attachment B)

**ATTACHMENT C  
CUSTOMARY STATE CONTRACT PROVISIONS**

1. **Entire Agreement:** This contract represents the entire agreement between the parties on the subject matter. All prior agreements, representations, statements, negotiations, and understandings shall have no effect.
2. **Applicable Law:** This contract will be governed by the laws of the State of Vermont.
3. **Appropriations:** If this contract extends into more than one fiscal year of the State (July 1 to June 30) and if appropriations are insufficient to support this contract, the State may cancel at the end of the fiscal year, or otherwise upon the expiration of existing appropriations authority.
4. **No Employee Benefits for the Contractor:** The Contractor understands that the State will not provide any individual retirement benefits, group life insurance, group health and dental insurance, vacation and sick leave, workers compensation or other benefits or services available to State employees, nor will the State withhold any State or Federal taxes. The Contractor understands that all tax returns required by the Internal Revenue Code and the State of Vermont, including, but not limited to, income, withholding, sales and use, and rooms and meals, must be filed by the Contractor, and information as to contract income will be provided by the State of Vermont to the Internal Revenue Service and the Vermont Department of Taxes.
5. **Independence, Liability:** The Contractor will act in an independent capacity and not as officers or employees of the State. The Contractor shall indemnify, defend and hold harmless the State and its officers and employees from liability and any claims, suits, judgments, and damages arising as a result of the Contractor's acts and/or omissions in the performance of this contract.
6. **Insurance:** Before commencing work on this contract, the Contractor must provide certificates of insurance to show that the following minimum coverages are in effect. It is the responsibility of the Contractor to maintain current certificates of insurance on file with the State through the term of the contract.

Workers Compensation: With respect to all operations performed, the Contractor shall carry workers compensation insurance in accordance with the laws of the State of Vermont.

General Liability and Property Damage: With respect to all operations performed under the contract, the Contractor shall carry general liability insurance having all major divisions of coverage including, but not limited to:

Premises - Operations  
Independent Contractors' Protective  
Products and Completed Operations  
Personal Injury Liability  
Contractual Liability

The policy shall be on an occurrence form and limits shall not be less than:

\$1,000,000 Per Occurrence  
\$1,000,000 General Aggregate  
\$1,000,000 Products/Completed Products Aggregate

\$50,000 Fire Legal Liability  
\$1,000,000 Errors & Omissions, Per Occurrence  
\$1,000,000 Errors & Omissions, General Aggregate

Automotive Liability: The Contractor shall carry automotive liability insurance covering all motor vehicles, no matter the ownership status, used in connection with the contract. Limits of coverage shall not be less than \$1,000,000 Combined Single Limit.

No warranty is made that the coverages and limits listed herein are adequate to cover and protect the interests of the Contractor for the Contractor's operations. These are solely minimums that have been set to protect the interests of the State.

**7. Reliance by the State on Representations:** All payments by the State under this contract will be made in reliance upon the accuracy of all prior written representations by the Contractor, including but not limited to bills, invoices, progress reports and other proofs of work.

**8. Records Available for Audit:** The Contractor will maintain all books, documents, payrolls, papers, accounting records and other evidence pertaining to costs incurred under this agreement and make them available at reasonable times during the period of this contract and for three years thereafter for inspection by any authorized representatives of the State or Federal Government. If any litigation, claim, or audit is started before the expiration of the three-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved. The State, by any authorized representative, shall have the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed under this contract.

**9. Fair Employment Practices and Americans with Disabilities Act:** The Contractor agrees to comply with the requirements of Title 21, V.S.A. Chapter 5, Subchapter 6, relating to fair employment practices, to the full extent applicable. Contractor shall also ensure, to the full extent required by the Americans with Disabilities Act of 1990, that qualified individuals with disabilities receive equitable access to the services, programs, and activities provided by the Contractor under this contract. Contractor further agrees to include this provision in all subcontracts.

**10. Set Off:** The State may set off any sums which the Contractor owes the State against any sums due the Contractor under this contract; provided, however, that any set off of amounts due the State of Vermont as taxes shall be in accordance with the procedures more specifically provided hereinafter.

**11. Taxes Due to the State:**

- a. Contractor understands and acknowledges responsibility, if applicable, for compliance with State tax laws, including income tax withholding for employees performing services within the State, payment of use tax on property used within the State, corporate and/or personal income tax on income earned within the State.
- b. Contractor certifies under the pains and penalties of perjury that, as of the date the contract is signed, the Contractor is in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due the State of Vermont.

c. Contractor understands that final payment under this contract may be withheld if the Commissioner of Taxes determines that the Contractor is not in good standing with respect to or in full compliance with a plan to pay any and all taxes due to the State of Vermont.

d. Contractor also understands the State may set off taxes (and related penalties, interest and fees) due to the State of Vermont, but only if the Contractor has failed to make an appeal within the time allowed by law, or an appeal has been taken and finally determined and the Contractor has no further legal recourse to contest the amounts due.

12. **Child Support:** (Applicable if the Contractor is a natural person, not a corporation or partnership.) Contractor states that, as of the date the contract is signed, he/she:

- a. is not under any obligation to pay child support; or
- b. is under such an obligation and is in good standing with respect to that obligation; or
- c. has agreed to a payment plan with the Vermont Office of Child Support Services and is in full compliance with that plan.

Contractor makes this statement with regard to support owed to any and all children residing in Vermont. In addition, if the Contractor is a resident of Vermont, Contractor makes this statement with regard to support owed to any and all children residing in any other state or territory of the United States.

13. **Subcontractors:** Contractor shall not assign or subcontract the performance of this agreement or any portion thereof to any other contractor without prior written approval of the State. Contractor also agrees to include in all subcontract agreements a tax certification in accordance with Paragraph 11 above.

14. **No Gifts or Gratuities:** Contractor shall not give title or possession of any thing of substantial value (including property, currency, travel and/or education programs) to any officer or employee of the State during the term of this contract. Contractor shall comply with the Standards of Conduct Rule adopted by the State retirement systems. See attached.

15. **Copies:** All written reports will be printed using both sides of the paper.

16. Notwithstanding any other provision in this contract, the parties understand that this contract is a public record.

## **ATTACHMENT D**

### **REGULATION 2001-01: STANDARDS OF CONDUCT**

#### **STATE TEACHERS' RETIREMENT SYSTEM OF VERMONT**

#### **VERMONT STATE RETIREMENT SYSTEM**

#### **VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM**

**§1. STATEMENT OF PURPOSE**

A. The Boards of Trustees of the State Teachers' Retirement System of Vermont, the Vermont State Retirement System, and the Vermont Municipal Employees' Retirement System are entrusted with the investment of public pension funds of the retirement Systems and are obligated to safeguard the funds for the benefit of members and beneficiaries. The Trustees are obligated to administer the Systems efficiently and effectively in the interests of the plans' members and beneficiaries so as to avoid waste, mismanagement, abuse, and misuse of influence. The Trustees of these public pension Systems have a duty to administer and provide benefits in a responsible manner without causing an undue burden on their members or Vermont taxpayers.

B. Trustees and employees of the Boards must maintain high ethical and moral standards both professionally and personally in order to maintain and promote public confidence in the integrity of the decisions of the Boards of Trustees relating to administration of the plans and investment of the Systems' assets. The ability to carry out these responsibilities may be impaired whenever a real or apparent conflict of interest exists between the private interest of a Trustee or Board employee and his or her official responsibilities.

C. In recognition and consideration of their responsibilities and obligations as Trustees and to further the goal of protection of the Systems' members, beneficiaries, Trustees and employees from the damage that could result from real or apparent conflicts of interest, the following Standards of Conduct are hereby adopted to assist and guide Trustees and Board employees in the exercise of professional and moral judgment.

D. This regulation is intended to implement the standards of conduct provisions of 3 V.S.A. §472(d); 16 V.S.A. §1943(d); and 24 V.S.A. §5063(e).

**§2. AUTHORITY**

This regulation is adopted pursuant to 3 V.S.A. §471(d) and §472(d); 16 V.S.A. §1942(f) and §1943(d); and 24 V.S.A. §5062(d).

**§3. APPLICABILITY**

A. These standards of conduct shall apply to the Trustees of the State Teachers' Retirement System of Vermont, the Vermont State Retirement System, and the Vermont Municipal Employees' Retirement System.

B. These standards shall apply to employees of the Boards of Trustees.

C. These Standards of Conduct are intended to supplement, and not to replace, other state and federal laws. Where this code is less restrictive than another law, executive order, or regulation that applies to the conduct and activities of Trustees and employees of the Boards, such other stricter terms shall apply. Where this code is more restrictive than any other applicable law, executive order or regulation, the stricter standards of this code shall apply.

**§4. DEFINITIONS**

For the purposes of these standards of conduct, the following words have the following meanings:

- A. "Benefit" means any gain, favor, profit, reward, value, accommodation or other advantage, including a benefit to any other person in whose welfare the beneficiary is interested.
- B. "Conflict of Interest" means any personal or financial interest of a Trustee, or such an interest, known to the Trustee, of a member of his or her immediate family, household member, or business associate in the outcome of any particular matter pending before the Board. A conflict of interest includes, but is not limited to, those defined in subsection 5.
- C. "Employee of the Boards" means a person employed by a Board or Boards of Trustees. Employees of the Vermont State Treasurer's Office shall not be considered employees of the Boards.
- D. "Gift" means any form of compensation or anything of value, tangible or intangible, and includes, but is not limited to, meals, alcoholic beverages, travel fare, room and board, gratuities, entertainment, cash, goods or services.
- E. "Interest" means any personal or financial interest except an interest that is incidental to the person's membership in the System or participation in a plan administered by the System that is no greater than that of other persons generally affected by the outcome of the matter.
- F. "Potential Vendor" means any Vendor that has bid on a System contract and any Vendor that is in the business of providing goods or services of the type routinely purchased by the System, whether or not it has bid on a System contract, including but not limited to administrative, investment, financial, banking, and consulting services.
- G. "Systems" means the State Teachers' Retirement System of Vermont, the Vermont State Retirement System, and the Vermont Municipal Employees' Retirement System.
- H. "Trustee" means any person who serves as a Trustee or any person who serves as the designee of an ex-officio Trustee or as an alternate to a Trustee of any of the Systems.
- I. "Vendor" means a natural person, a corporation, a partnership, an association, a joint-stock company, a trust, an unincorporated organization, a limited liability company, or a limited liability partnership that performs services for the Systems for direct or indirect compensation. The term includes affiliated entities and trade organizations.

#### **§5. PROHIBITED CONDUCT: CONFLICTS OF INTEREST**

The following conduct by a Trustee or an employee of the Boards creates either an actual or potential conflict of interest or the appearance of a conflict of interest and is prohibited:

- A. Solicitation or acceptance of a gift or benefit from any Vendor or potential Vendor except in accordance with Section 9(A).
- B. Solicitation or acceptance of a gift or benefit from any person or entity with a personal or financial interest in the outcome of a particular matter pending before the Board.

- C. The purchase, sale, exchange, or lease of property to or from the System which he or she serves.
- D. Acting upon or providing to any person any information relating to the investment of the System's assets prior to that information becoming public record.
- E. Acceptance of a fee, gift or other benefit for providing information relating to the System and its assets, obtained as a Trustee or employee of the Boards, whether insider or otherwise, to any other person.
- F. Participation in any breach of fiduciary duty by another person subject to this code, participation in concealing such breach, or knowingly or negligently permitting such breach to occur.
- G. Participation in a violation of these Standards of Conduct by another person subject to this code, participation in concealing such violation, or knowingly or negligently permitting such violation to occur.
- H. Acceptance of money, gifts or benefits in connection with any campaign for public office from any Vendor or potential Vendor of the System which the Trustee or employee serves.
- I. Any direct interest in the gains or profits of any investment made by the Board.
- J. Direct or indirect use of the gains or profits of any investments made by the Board, for himself or as an agent, for any purpose except to make current and necessary payments as are authorized by the Board.
- K. Becoming an endorser or surety, or in any manner an obligor, for money loaned to or borrowed from the Board.

**§6. DISCLOSURE**

- A. A Trustee shall disclose to the Board for the System which he or she serves all actual or potential conflicts of interest and appearances of a conflict of interest as soon as such actual or potential conflict or appearance of a conflict becomes known.
- B. Employees of a Board shall disclose all actual and potential conflicts of interest and appearances of a conflict of interest to the Board as soon as such actual or potential conflict or appearance of a conflict becomes known.

**§7. RECUSAL**

No Trustee shall knowingly participate in a decision or action by the Board in which he or she has an actual or potential conflict of interest.

**§8. TRAVEL, CONFERENCES AND MEETINGS**

- A. The reasonable and necessary expenses of travel, lodging, meals, and incidentals for a Trustee or employee of a Board traveling on behalf of a Board, or in his or her capacity as a Trustee or employee, or because of his or her position as a Trustee or employee, shall be paid by the System if approved prior to the travel by the Board which the Trustee or employee serves. The agenda, written materials pertaining to the event, when available, an estimate of the cost of the trip and the names of all sponsors of the event to be attended shall be provided to the Board at the time approval is requested. If approval is granted, the Trustee or employee shall report to the Board, at the next scheduled meeting that he or she attends, on the content of

the event and whether a Vendor or potential Vendor attempted to pay any expenses of the Trustee or employee or sponsored any function or event in which the Trustee or employee participated.

B. All expenses related to the travel of a spouse, family or household member, or other invitee of a Trustee, shall be paid by the Trustee or invitee.

C. Nothing in this policy is intended to limit or restrict travel to, and attendance at, an event by a Trustee or employee when attendance is in a capacity other than as a Trustee or employee and is related to his or her employment, position, membership or affiliation with another organization or entity. When traveling in a capacity other than as Trustee, a Trustee or employee shall not solicit or receive any gift including meals, alcoholic beverages, travel fare, room and board, or any other thing of value from a Vendor or potential Vendor of services to the System except in accordance with Section 9(A).

## **§9. GIFTS AND GRATUITIES**

A. All Trustees and Employees of the Boards shall refuse to accept any gift that is received from or offered by a Vendor or potential Vendor except for the following:

1. Items or products of de minimis value of \$10.00 or less;
2. Items or products donated by a Vendor or potential Vendor and awarded at a conference attended by a Trustee as long as they are offered to participants on a random basis through a drawing, raffle or game of chance and have a value of \$100.00 or less. Any item accepted under this provision with a value of greater than \$25.00 shall be reported by the Trustee pursuant to section 9(B).
3. Food or refreshment offered during a conference that appears on the conference agenda, is an integral part of the conference agenda and is offered to all in attendance at the conference and taken in a group setting.

B. A Trustee or Employee of the Boards who receives any item or product from a Vendor or potential Vendor of more than de minimis value shall report the following to the State Treasurer's Office: a description of the product, the date of receipt, the identity of the sender or donor, the item's approximate value, and the disposition of the item by the Trustee or employee. If the item is not perishable, the item shall be promptly returned to the sender. All perishable items shall be donated to a suitable charity or placed in a publicly accessible area for general enjoyment.

C. The State Treasurer's Office shall record the information specified in section 9(B) for public inspection.

## **§10. INITIATION OR CONTINUATION OF CONTRACTUAL RELATIONSHIP**

A. From the time a Board of Trustees has decided to obtain bids or proposals for goods or services, or from the time a Board has under consideration the decision to renew an existing contract, and until a final contract is approved:

1. No Trustee shall have any direct or indirect communication about the bid or proposal with any Vendor or potential Vendor seeking such new or continued contractual relationship with the System except at an open meeting of the Board or an authorized subcommittee of the Board.

2. An Employee of the Board shall limit his or her direct or indirect communication about the bid or proposal with any Vendor or potential Vendor during this time period to that necessary for administration of existing contracts or in connection with administration of the bid or proposal process. All communications shall be documented by the Employee and maintained as a record of the Office of the State Treasurer.

3. A Trustee who receives any direct or indirect communication outside of a meeting of the Board or an authorized subcommittee of the Board with any Vendor or potential Vendor seeking a new or continued contractual relationship with the System shall notify the Board of the communication prior to the Board's final approval of a contract.

B. A Board of Trustees shall require that all Vendors or potential Vendors seeking a new or continued contractual relationship with the System give written disclosure to the Board of all communications or contacts with any Trustees or Employee in the preceding year and any expenditures relating to those communications or contacts. Disclosure will be required before final interviews by the Board or, if there are no final interviews, before approval of a final contract.

C. A Board of Trustees may disqualify a Vendor or potential Vendor from ongoing business or potential business for any communication contrary to the provisions of this section, for attempting to pay any expenses of a Trustee or employee contrary to section 8(A), or for any other conduct having the potential to create a conflict of interest or to cause a breach of fiduciary duty.

D. This regulation shall be included as an attachment to all requests for proposals, bidding documents and contracts of the Boards. The Boards shall require all consultants who conduct manager searches or other vendor searches on behalf of the Boards to provide a copy of this policy to all vendors or potential vendors during the search process.

## **§11. SANCTIONS**

A. A Board of Trustees may take such actions it deems appropriate if a Trustee of the Board fails to comply with the provisions of this rule including, but not limited to:

1. A recommendation that a Trustee refrain from participation and voting in a matter or matters pending before the Board.

2. A recommendation that a Trustee repay or return any gift or benefit received by a Trustee from a Vendor or potential Vendor.

3. A recommendation that a Trustee refrain from particular actions that the Board determines constitute an actual or potential conflict and are detrimental to public confidence in the system's integrity.

B. A Board of Trustees may take appropriate disciplinary action, up to and including dismissal, if an Employee of the Board fails to comply with the provisions of this rule.

**Effective Date: July 18, 2001**

- END RFP -