



STATE OF VERMONT
OFFICE OF THE STATE TREASURER

109 State Street, 4th Floor
MONTPELIER, VERMONT 05609-6200
802-828-2301
www.vermonttreasurer.gov

SEALED BID REQUEST FOR PROPOSAL

REVIEW of VERMONT RETIREMENT SYSTEMS' ACTUARIAL SERVICES

DATE: **March 3, 2006**

QUESTIONS DUE BY: **March 17, 2006**

DATE OF BID OPENING: **March 31, 2006**

TIME OF BID OPENING: **2:00 P.M.**

LOCATION OF BID OPENING: **109 State Street, Montpelier, VT, 4th Floor**

ALL NOTIFICATIONS, RELEASES AND AMENDMENTS WILL BE POSTED AT:
www.vermonttreasurer.gov

THE OFFICE OF THE STATE TREASURER WILL MAKE NO ATTEMPT TO CONTACT BIDDERS WITH UPDATED INFORMATION. IT WILL BE THE RESPONSIBILITY OF EACH BIDDER TO PERIODICALLY CHECK THIS SITE FOR THE LATEST DETAILS.

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



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SEALED BID INSTRUCTIONS

All bids must be sealed and must be addressed to the Office of the State Treasurer, 109 State Street, 4th Floor, Montpelier, VT 05609-6200. **BID ENVELOPES MUST BE CLEARLY MARKED 'SEALED BID' AND SHOW THE PROPOSAL TITLE, OPENING DATE AND NAME OF BIDDER.**

All bidders are hereby notified that sealed bids must be in 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 ensure 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. Such modifications (or amendments) to the RFP will be posted to the Treasurer's Web site at www.vermonttreasurer.gov and will not be distributed through any other means. It is the bidder's responsibility to check the Web site for such changes.

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.

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1 OVERVIEW

The following subsections provide general information about the RFP.

1.1 Executive Summary

The Office of the Vermont State Treasurer is seeking proposals for a review of the Vermont State Retirement Systems' actuarial services. The primary purpose of this review is to provide independent verification and analysis of the assumptions, procedures and methods used by the plans' actuary for valuations as of June 30, 2005, for the State Teachers' Retirement System of Vermont (STRS), the Vermont State Employees' Retirement System (VSERS) and the Vermont Municipal Employees System (VMERS), collectively referred to as the Vermont Retirement Systems (VRS). The three retirement systems are IRC §401(a) defined benefit plans governed by separate Boards of Trustees.

Proposal specifications are set forth in Section 2, "Scope of Services."

Proposals in response to this RFP are due no later than 2:00 P.M. Eastern Time (ET) on March 31, 2006.

1.2 Minimum Bidder Qualifications

The bidder must meet all of the following minimum qualifications to be given further consideration. Failure to satisfy each of the minimum qualifications will result in the immediate rejection of the proposal.

1. The bidder shall demonstrate a minimum of 10 years of experience in providing actuarial services to other states or public entities with similar pension programs.
2. Within the past three years, the bidder must have had a minimum of three public pension clients, each client with at least 50,000 members and annuitants, who engaged your firm for similar actuarial reviews.

1.3 Plan Specifications

Background information on VRS:

The State Treasurer's Office administers three statutory defined benefit pension plans with 24,637 active members, 6,013 inactive members, 1,763 terminated vested members, and 9,684 retired members as of June 30, 2005. These are:

- Vermont State Employees' Retirement System (VSERS) 3 V.S.A. Chapter 16
- State Teachers' Retirement System (STRS) 16 V.S.A. Chapter 55
- Vermont Municipal Employees' Retirement System (VMERS) 24 V.S.A. Chapter 125

Both the STRS and VSERS are funded by employee contributions as well as those made by the State. The Vermont Municipal Employees' Retirement is an employee and employer funded system and does not receive a state contribution.

In each case, a board of trustees is charged with the responsibility of general administration and proper operation of the retirement system. Day-to-day retirement operations are administered through the State Treasurer's Office based on policies and guidelines adopted by the boards of trustees. The State Treasurer is a member, ex officio, of each trustee board.

In addition, the Office administers a deferred compensation (457) programs for VSERS state employees and for VMERS municipal employees, through a third-party administrator. A single depository investment account (SDIA), a tax-sheltered (401a) account was funded by STRS and VSERS employees through transfers from a non-contributing system in 1981, and is also administered by a third-party vendor.

Administration of the Retirement Operations Division is conducted by the Office of the State Treasurer, under the direct supervision of the Director of Retirement Operations. The Retirement Operations Division is comprised of 12 staff. The primary function of the staff is to serve the needs of the active contributing members and retired members who are receiving benefits payments.

An investment consultant and investment managers are retained to manage various portfolios under the authority of the Vermont Pension Investment Committee (VPIC). The investment function is **not** part of the scope of this contract.

Copies of the valuation reports, related actuarial studies, investment reports and other information on the three retirement systems are available on the Treasurer's web site at www.vermonttreasurer.gov.

1.4 Single Point of Contact

The sole point of contact for questions and all other contractual matters relating to this RFP is:

Name: Ms. Donna Holden
Title: Contracts Administrator
Vermont State Treasurer's Office
109 State Street, 4th Floor
Montpelier, Vermont 05609-6200
Telephone: 802-828-3708
FAX: 802-828-2772
E-Mail: Donna.Holden@state.vt.us

Bidder's proposals, due by 2:00 PM for bid opening on March 31, 2006, are to be delivered to the Office of the Vermont State Treasurer, marked to the attention of Ms. Donna Holden (see above).

All e-mail communication with Ms. Holden must include the words "Actuarial Review Services RFP" in the subject line.

Attempts by bidders to contact any other party may result in the rejection of their proposal.

1.5 Bidder Questions

Questions must be submitted in writing until the date and time specified in Section 1, *RFP Timetable*. E-mail is the preferred method of communicating questions. All e-mail communications with Ms. Holden must include the words "**Actuarial Review Services RFP**" in the subject line.

Response to questions will be posted to our Web site at www.vermonttreasurer.gov.

All questions submitted must include the name of the firm and the person submitting the questions.

1.6 RFP Timetable

| | |
|---|----------------|
| RELEASE DATE OF THE RFP: | March 3, 2006 |
| QUESTIONS DUE BY: | March 17, 2006 |
| ANSWERS TO QUESTIONS POSTED ON www.vermonttreasurer.gov | March 22, 2006 |
| ALL PROPOSALS MUST BE RECEIVED NO LATER THAN 2:00 P.M. Eastern Time ON: | March 31, 2006 |

1.7 Attachments to RFP

VRS has provided the following information as attachments to the RFP:

- **Attachment A** – Standard Contract Provisions

2 SCOPE OF SERVICES

2.1 General Information

The Board of Trustees of each system has directed that an actuarial review be conducted. The primary purpose of this review is to provide independent verification and analysis of the assumptions, procedures and methods used by the plans' actuary for valuations as of June 30, 2005, for the State Teachers' Retirement System (STRS), the Vermont State Employees' Retirement System (VSERS) and the Vermont Municipal Employees System (VMERS), collectively referred to as the Vermont Retirement Systems (VRS).

The review will include a review of the actuarial reports of the plans and a test of each plan's valuation results using a mathematical model of plan activity or sampling, as opposed to performing a complete replication of the plans' actuary's valuation of the plan.

The purpose is to provide an evaluation sufficient to allow the Contractor to express an actuarial opinion regarding the reasonableness and/or accuracy of valuation results, actuarial assumptions, and the application of the actuarial cost method for each plan. The Contractor shall express an opinion as to whether the valuations are consistent with Actuarial Standards of Practice, and state any findings and recommendations that would enhance the usefulness or the quality of its disclosure material.

The review shall be conducted in accordance with generally recognized and accepted actuarial principles and practices which are consistent with Actuarial Standards of Practice, the Code of Professional Conduct, Qualifications Standards for Public Statements of Actuarial Opinion of the American Academy of Actuaries, and Governmental Accounting Standards Board (GASB) Statement 25.

If any deviations from Generally Actuarial Standards of Practice are found during the review, the Contractor should obtain the rationale for the deviations and determine their effects.

A detailed report and presentation of the findings must be prepared following procedures noted below. While not anticipated at this time, if results cannot be verified to the satisfaction of the Contractor and the VRS, it may be necessary to expand the scope of the review, contingent upon approval of the VRS/Treasurer's Office staff. The Treasurer's Office may authorize a full replication review, consisting of an actuarial valuation of the plan based on the same census data, assumptions and actuarial methods used by the plans' actuary.

2.2 Services Requested For Each Plan

- 1) Analyze the appropriateness of the actuarial assumptions.
- 2) Review the actuarial assumptions and methodology for compliance with State statutes, VRS policies; and for compliance with generally recognized and accepted actuarial principles and practices
- 3) Evaluate the data used for performance of the valuations, and the degree to which data is sufficient to support the conclusions of the investigation, and the use and appropriateness of any assumptions made regarding the data.

- 4) Conduct a test of the valuation results of the FY2005 valuation using a mathematical model of plan activity or sampling based on the same data, methods, and assumptions used by the plans' actuary.
- 5) Evaluate the test results and reconcile any significant discrepancies between the findings, assumptions, methodology, rates, and adjustments of the reviewing firm and the plans' actuary
- 6) Assess whether the valuation appropriately reflects information required to be disclosed under required GASB reporting standards.
- 7) Provide a recommendation to VRS and Treasurer's Office staff relative to the need to complete a replication review, as described above. And perform such review if requested.

The Contractor shall prepare a report for the VRS, State Treasurer, and State Auditor of Accounts that:

- 1) Provides an evaluation and expresses an opinion regarding the reasonableness and accuracy of the valuation results (including a determination of actuarial accrued liability, normal cost, and actuarial required contributions), actuarial assumptions, and appropriateness and application of the actuarial cost method.
- 2) Includes any recommendations regarding reasonable alternatives to the actuarial assumptions used in the FY2005 valuation
- 3) Provides any recommendations to improve the quality and understanding of the valuation report.
- 4) The Contractor shall provide the above first in draft form so that this information may be reviewed and commented upon, by VRS, Treasurer's Office staff and the current plans' actuary, prior to the issuance of the final report. Upon review, the Contractor shall prepare a final report for distribution to the VRS, State Treasurer, and the State Auditor of Accounts.
- 5) Contractor may be required to make a presentation at a joint meeting of the VRS boards.

2.3 Documents, Reports, and Other

All documents, reports, computer software, paper and other materials ("Papers"), except for those generally available to the public, which are provided by the State, and any copies of any such Papers that may be reproduced or otherwise procured and all information contained in such Papers, shall be deemed and shall remain property exclusively of the State and shall be available to the State's representatives upon their request. No Papers may be reproduced or otherwise used by for purposes unrelated to the subsequent contract.

2.4 Requirements Related to Conflicts of Interest and Independence

Bidders' shall identify all existing or potential conflicts of interest that would prevent the bidder from fully performing the tasks described in this RFP. Such disclosure will be a continuing requirement subsequent to award of a Contract and for the life of the Contract.

In all matters relating to work required by the State the bidder shall remain free from personal and external impediments to independence, and verify their organization is independent and will maintain an independent attitude and appearance with respect to the services required.

2.5 Insurance Coverage

The Contractor shall maintain an errors and omissions insurance policy, which provides a prudent amount of coverage for the willful negligent acts or omissions of any shareholder, employee or agents thereof. The Contractor shall also maintain policies pursuant to the State's Standard Contract provisions as defined in Attachment A.

3 PROCUREMENT AND CONTRACTUAL ADMINISTRATION

The following subsections discuss the administrative and contractual requirements that pertain to this procurement.

3.1 Bidding and Contractual Requirements

The State of Vermont reserves the right to obtain clarification or additional information necessary to properly evaluate a proposal. Bidders may be asked to give a verbal presentation. Failure of bidder to respond to a request for additional information or clarification could result in rejection of that bidder's proposal. The State reserves the right to accept or reject any and all bids, in whole or in part, with or without cause. The State reserves the right to make an award without further discussion of the proposal submitted. The State does not guarantee that an award will be made as a result of this RFP.

3.1.1 Incurred Expenses

The cost of developing and submitting the proposal is entirely the responsibility of the bidder. 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.

3.1.2 Public Records and Bidder Proprietary Information

All responses will become the property of the State of Vermont and will be a matter of public record. **Any page with proprietary information must be marked by bidders as such, pursuant to 1 V.S.A. Chapter 5, §317(c)(9).** Further, **bidders must provide within their responses a justification for each marked page.** Any determination to defend information designated as proprietary will be at the sole discretion of the Attorney General's Office and no representation is made hereby that the information can, or will, be protected.

3.1.3 Confidentiality

The State wants to assure the confidentiality of its employees' records. In the event that the bidder is selected to perform services, all bidder staff members assigned to the contract in any capacity may be required to sign statements of confidentiality.

3.1.4 Pricing

The bidder must be aware the State wants the most effective combination of price, performance, and quality possible within the constraints of their budget. Pricing must be a firm fixed price, including all expenses. The State will not accept any open-ended, time and materials bids. There may be no best and final offer procedure. Therefore, the proposal shall be submitted on the most favorable terms that the bidder can provide.

3.1.5 Subcontracting

The State of Vermont will only enter into contracts with the primary contractor, and the State must approve any subcontractor contract in writing (See ATTACHMENT A, sub-Attachment C #13). The selected bidder must assume responsibility for subcontractor performance and payment. Subcontractors must abide by all conditions set forth in the contract with the primary contractor. The successful bidder will be expected to execute sub agreements for each subcontractor named in the proposal upon award of this contract. The bidder must provide a brief description in the cost proposal in regard to the basis for selecting each subcontractor (low bid, competitive negotiation, technical capabilities, etc.). The bidder must provide subcontractor cost estimates in the bidder's cost proposal.

3.1.6 Doing Business in Vermont

The bidder awarded this contract shall, upon notification of award, apply for registration with the Vermont Secretary of State's Office to do business in the State of Vermont, if not already so registered. The registration form may be obtained from the Vermont Secretary of State, Redstone Building, 26 Terrace Street, Drawer 09, Montpelier, VT 05609-1101. The telephone number is (802) 828-2386. The Treasurer's Office will not execute the contract until the bidder is registered with the Secretary of State's Office.

Bidders are responsible for complying with all statutory provisions applicable to doing business in the State of Vermont (see above) and Attachment A of the contract attached to this RFP, required to be executed once the specific details of the transaction have been inserted. Any objections, or requested changes to the standard form language must be provided with the bid, or they shall be waived by the bidder. Any additional contract language sought by the bidder must be provided with the bid, or such language requests shall be waived by the bidder.

3.1.7 Minority Business Enterprises

The State of Vermont recognizes the important contribution and vital impact that small businesses have on the state's economy. In this regard, the state subscribes to a free and open bidding process that affords all businesses equal access and opportunity to compete for state contracts for goods and services. The state also recognizes the existence of businesses owned by minorities and women and has directed all state agencies and departments to make a good faith effort to encourage these firms to compete for state contracts.

3.1.8 Duration of Proposal Offer

Proposals submitted in response to this RFP are irrevocable for 120 days following the closing date of proposals. This period may be extended at the request of the State, and with the bidders' written approval.

3.1.9 Revisions to the Solicitation

The State reserves the right to modify requirements should a bidder inquiry identify a change that is in the best interest of State. Such modifications (or amendments) to the RFP will be posted to the Treasurer's Web site at www.vermonttreasurer.gov and will not be distributed through any other means. It is the bidder's responsibility to check the Web site for such changes.

3.1.10 General Conditions

The general conditions and specifications of the RFP, the successful bidder's response/proposal, all questions and answers, and all RFP amendments (if any) will become part of the contract by reference.

The bidder is expected to respond with due diligence by providing the requested information in the designated manner. Bidders failing to respond to this RFP as prescribed will place themselves at a comparative disadvantage or will be subject to disqualification at the discretion of VRS.

3.1.11 Contract Duration

The successful bidder to this RFP can expect a contract with the State (see sample contract Attachment A), for a term of up to six-months.

The successful bidder will be required to execute the State's standard contract after the specific details of the transaction have been inserted. Any bidder seeking changes to the State standard form contract, or to add additional language to the contract must state whether the request is a requirement of their bid, or simply a request for the State's consideration. Any objections, or requested changes to the standard form language must be provided with the bid, or they shall be waived by the bidder. In the event the State

determines that an otherwise apparent winning bidder's requirements are unacceptable, it may handle the bid in the manner it deems most appropriate, including but not limited to rejecting the bid as not complying with this RFP. Bidders should be aware that the State of Vermont rarely accepts amendments to its standard form contract.

4 PROPOSAL PREPARATION

This section sets forth the format that must be followed by bidders in developing their proposals in response to this RFP. The instructions provided and format requested for bidder proposals are designed to ensure a clear and complete understanding and comprehensive evaluation of each proposal. There is no intent to limit the content of the proposals or to inhibit a presentation.

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

4.1 Proposal Acceptance

The bidder is encouraged to include additional information or data as may be appropriate or to offer alternate solutions. However, the bidder should not exclude from its proposal any portion requested in this document. Proposals that vary materially from this prescribed format may be judged non-compliant and withdrawn from consideration.

The bidder must understand that the State will view the degree of compliance with this section as an indication of the degree of cooperation to be expected from the bidder in working with the State after contract award.

4.1.1 Proposal Packaging and Required Copies

Cost Proposals (Part V below) must be packaged separately from Technical Proposals (Parts I, II, III and IV below) and sealed in a separate envelope, so labeled.

Bidders must mark any pages that contain proprietary information as such. Further, they must provide within their responses a justification for each marked page. Any determination to defend information designated as proprietary will be at the sole discretion of the Attorney General's Office and no representation is made hereby that the information can, or will, be protected.

Bidders must submit four (4) bound copies of their proposals. In addition, the bidder must provide one (1) unbound master copy of the technical proposal and one (1) unbound master copy of the cost proposal, each packaged separately.

We point out that the requirement for separate Cost Proposals actually doubles the above numbers.

The information in the table provided below must appear on the title page of each copy of each proposal, and on the outside of the packages in which they are shipped (if proposals are shipped by overnight courier, the title sheet may be affixed to the package inside the courier's packaging material):

Contents of Response Cover Page

| | |
|---|---------------------------------------|
| RFP title: | Vermont Actuarial Review Services RFP |
| RFP section: | Technical or Cost |
| <i>Closing date and time for submission of proposals: March 31, 2006, 2:00 pm.</i> | |
| Name, address, e-mail, and (voice) telephone number of firm submitting proposal | |

Proposals must be addressed for this RFP to the point of contact identified in Section 1, *Single Point of Contact*.

Bidders' are to organize their proposals into five parts with a cover letter and other administrative information as follows:

| | |
|------------------------------------|---|
| Part I – Administrative | Cover page Cover Letter as described below Tax Certificate Table of Contents |
| Part II | Bidder Information |
| Part III | Technical Approach |
| Part IV | Bidder References |
| Part V (to be packaged separately) | Cost |

The following subsections describe the required content of the bidder's proposal.

4.2 Bidder's Proposal Part I-Administrative Section

In addition to the cover page and table of contents, the items that need to appear in the Administrative Section of the proposal are described below.

4.2.1 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) for Vermont Retirement Systems Actuarial Review Services 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:

- The response is genuine, and is not collusive or a sham.
- The response is not made in the interest of or on the behalf of any person not named therein.
- 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.
- The bidder has not in any manner sought by collusion to secure an advantage over any other respondent.
- The bidder has thoroughly examined the RFP requirements, and the proposed fees cover all the services that the State has requested.
- The bidder acknowledges and accepts all terms and conditions included in the RFP.
- The bidder agrees to provide services in a manner acceptable to the State, and as stipulated in the RFP and subsequent contract.
- 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.

- The bidder and key professionals do not accept fees and derive no benefit from relationships with any persons involved in the RFP.
- The bidder has completed and submitted, with the RFP response, the Vermont Tax Certificate, provided in this RFP.
- The bidder has submitted financial information. Publicly owned businesses agree to provide their most recent annual report, current balance sheet and income statement, and D&B report. Privately owned businesses agree to provide company financials. Proprietary and/or confidential materials must be marked accordingly.

4.2.2 Tax Certificate

This certificate appears on page 3 of this RFP and must be completed and submitted with the response to the RFP.

4.3 Bidder's Proposal Part II – Bidder Information

4.3.1 Section 1 – General

In this section, the bidder shall provide basic information about its firm and staff, including the following:

- Name, address, e-mail address, and (voice) telephone number of contact person in the firm submitting the proposal and the location from which this project will be completed and managed.
- Please provide a description of the ownership and structure of the firm, which includes the parent company and any affiliated companies and/or joint ventures.
- Disclose whether your firm, a parent of your firm, a subsidiary of your firm, or another subsidiary of your parent's firm, now does business with the State of Vermont. If yes, please identify the individuals who would perform the work for the State of Vermont. Describe their assigned responsibilities.
- List and describe any professional relationship your firm or any of your actuarial consulting group staff have with any member of the VRS Boards, the Treasurer's Office staff, or the Office of the Auditor of Accounts.
- Bidders must identify any contact with VRS staff, Treasury staff, retirement board trustees and their committee members, Office of the Auditor of Accounts, etc. that they have had specifically or have had via a third party since the release of this RFP. In addition, the bidder must describe the nature of the contact, the dates contact occurred, and the substance discussed. Failure to identify contact with VRS or the other relevant parties identified above may be grounds for rejection of the bidder's proposal and/or cancellation of any subsequent contract.
- Over the past five years, has your organization or any officer or principal been involved in any business litigation or other legal proceedings related to any actuarial consulting activities or actuarial reviewing services? If so, provide a brief explanation and indicate the current status.
- Has your firm, within the last ten years, been censured or fined by any regulatory body? If so, please indicate the dates and describe the situation.

- Is the firm affiliated with any other firm(s) offering nonactuarial services that could represent conflicts of interest? If yes, briefly describe your firm’s policies and procedures for doing business with these affiliates while safeguarding against conflicts of interest.
- Do you, your parent company, or any affiliated company have any business relationships with Buck Consultants (VRS plans’ actuary) or New England Pension Consultants (VRS general investment consultant)? If yes, describe that relationship.
- Are any near-term changes to the firm’s corporate or organizational structure anticipated? If yes, please specify.
- Has there been any significant litigation affecting your firm that could interfere with completion of the services requested.
- Please list all office locations and the number of individuals working in each office. Please

4.3.2 Section 2 – Firm Experience Summary

In this part of the proposal, the bidder must describe its current and historical experience in providing services of a similar nature for other clients. Particular emphasis shall be placed on any experience in supporting public sector clients especially for public employee retirement systems.

This part of the proposal must demonstrate a successful business history of continuous operation for a minimum of 10 years of experience in actuarial services, and meet the minimum requirements specified above. This Section should include:

- Number of years in business
- Description of similar services provided to public sector clients to those requested in the RFP
- Representative client list.

Please complete the following chart, including only services similar to those requested in the scope of services:

| Category | 2002 | 2003 | 2004 | 2005 |
|--|------|------|------|------|
| Total number of actuarial clients reviewed | | | | |
| Total number of public pension plan actuarial clients reviewed | | | | |

4.4 Bidder’s Proposal PART III – Technical Approach

This part of the bidder’s proposal shall address the following:

- *Section 1 – Summary/Overview.* This should include a statement in the bidder’s own words of the overall nature of the services requested in this RFP and a narrative of how it will provide the requested services identified in the RFP. The narrative should address all services outlined in the “Scope of Services” and should be prepared simply and economically, providing a straightforward and concise description of the bidder’s philosophy, services and qualifications.

*** If the Contractor were approved to provide an expanded review:**

All-Inclusive Flat Fee – Replication Review \$ _____

*** If the Contractor, in the course of the review, recommends a full replication review and such review were approved by the Treasurer’s Office, acting on behalf of the VRS, please state the maximum flat fee proposed by your firm, in addition to amounts referred to in section A, above.**

C. Additional Information:

Please provide any additional information that may assist us in more clearly understanding your proposed fee. This might include any combination of discounts for award by more than one board.

NOTE: This part of the proposal must be bound separately and sealed in an envelope separate from the technical proposal and be labeled “Cost Proposal.” Cost information is NOT to be provided in any other part of the bidder’s proposal.

5 BIDDER EVALUATION AND SELECTION CRITERIA

5.1 Bidder Evaluation

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.

| Evaluation of Proposals | |
|---|---|
| A. RFP Understanding | <ul style="list-style-type: none">▪ Methodology and Approach▪ Clarity▪ Creativity of proposal▪ Responsiveness to Scope of Services and ability to provide requested services |
| B. General Experience & Qualifications of Firm | <ul style="list-style-type: none">▪ The Firm’s Organization, Experience, and Resources |
| The Project Team’s Relevant Experience | |
| C. Regulatory Compliance and Independence | |
| D. Cost | |

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 the 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.

Note: Cost proposals will be opened and reviewed only for those bids that meet the established minimum technical thresholds.

ATTACHMENT A – STANDARD CONTRACT PROVISIONS

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____, not to exceed one year.

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 required.

-Approval by the Secretary of Administration is 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)

STATE OF VERMONT
CONTRACT FOR PERSONAL SERVICES

ATTACHMENT B
PAYMENT PROVISIONS

(Insert Attachment B)

STATE OF VERMONT
CONTRACT FOR PERSONAL SERVICES

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 shall 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, worker's 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.

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.

Worker's Compensation: With respect to all operations performed, the Contractor shall carry worker's 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 Contractor's 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 and Omissions per occurrence

The policy must cover the loss, damage, theft, or destruction of documents that may occur during the period when Contractor is in possession of the documents, and must provide first dollar coverage (i.e., no deductible) for actual replacement costs (State or Contractor staff time to reconstruct folders). The State has determined that the cost to replace a lost file is \$1,000.

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 Review: 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 review 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 that 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, and 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:

is not under any obligation to pay child support; or

is under such an obligation and is in good standing with respect to that obligation; or

has agreed to a payment plan with the 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 will certify that it is in compliance with Regulation 2001-01: Standards of Conduct, and will notify the State of any required disclosure. See Attachment D.

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

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

STATE OF VERMONT
CONTRACT FOR PERSONAL SERVICES

ATTACHMENT D
CUSTOMARY STATE CONTRACT PROVISIONS

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.

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 -