



STATE OF VERMONT  
OFFICE OF THE STATE TREASURER

109 State Street, 4<sup>th</sup> Floor  
MONTPELIER, VERMONT 05609-6200  
802-828-2301  
[www.vermonttreasurer.gov](http://www.vermonttreasurer.gov)

**REQUEST FOR PROPOSAL**

**VERMONT MUNICIPAL EMPLOYEES'  
RETIREMENT SYSTEM  
HEALTH PREMIUM REIMBURSEMENT ACCOUNT  
ADMINISTRATOR**

DATE:	<b>November 9, 2006</b>
QUESTIONS DUE BY:	<b>November 17, 2006</b>
DATE OF BID OPENING:	<b>December 8, 2006</b>
TIME OF BID OPENING:	2:00 P.M.
LOCATION OF BID OPENING:	109 State Street, Montpelier, VT, 4 <sup>th</sup> Floor
CONTACT:	Donna Holden
TELEPHONE:	(802) 828-3708
E-MAIL:	<a href="mailto:Donna.Holden@state.vt.us">Donna.Holden@state.vt.us</a>
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, 4<sup>th</sup> 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. 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.



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## 1 OVERVIEW

The following subsections provide general information about the RFP.

### 1.1 Executive Summary

The Vermont Municipal Employees' Retirement System's Board of Trustees is seeking proposals from qualified firms to provide administration, recordkeeping, education, and, as an option, investment management services, for a retirement health premium reimbursement account (HPRA) to be funded using a trust that meets the requirements of Section 115 or similar vehicle of the Internal Revenue Code.

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 December 8, 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.**

§ The selected contractor must have demonstrated at least two (2) 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 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

§ The firm submitting a response to this RFP must have all authorizations, permits, licenses, and certifications as may be required under federal, state, or local law to perform the services specified in this RFP.

### 1.3 System Specifications

For detailed information regarding the Vermont Municipal Employees' Retirement System see the Vermont Treasurer's Web Site <http://www.vermonttreasurer.gov/retirement/muni/index.html> and/or <http://www.vermonttreasurer.gov/documents/retireMuni/reports/muniActuary2005.pdf>.

### 1.4 Single Point of Contact

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

Name: Donna Holden  
Title: Contracts Administrator  
Vermont State Treasurer's Office  
109 State Street, 4<sup>th</sup> Floor  
Montpelier, Vermont 05609-6200  
Telephone: 802-828-3708 FAX: 802-828-2772  
E-Mail: [Donna.Holden@state.vt.us](mailto:Donna.Holden@state.vt.us)

All e-mail communication with Ms. Holden must include the words “VMERS HPRA ADMINISTRATOR RFP” in the subject line.

**Bidder’s proposals, due by 2:00 PM for bid opening on December 8, 2006, are to be delivered and marked to the attention of Donna Holden (see above).**

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 “VMERS HPRA ADMINISTRATOR RFP” in the subject line.

Response to questions will be posted to our Web site at [www.vermonttreasurer.gov](http://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:	November 9, 2006
QUESTIONS DUE BY:	November 17, 2006
ANSWERS TO QUESTIONS POSTED ON <a href="http://www.vermonttreasurer.gov">www.vermonttreasurer.gov</a>	November 29, 2006
ALL PROPOSALS MUST BE SUBMITTED NO LATER THAN 2:00 P.M. Eastern Time ON:	December 8, 2006

## **1.7 Attachments to RFP**

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

- **Attachment A** – Standard Contract Provisions

## 2 SCOPE OF SERVICES

### 2.1 General Information

Vermont Municipal Employees' Retirement System's Board of Trustees invites proposals from qualified firms to provide administration, recordkeeping, education, and, as an option, investment management services, for a retirement health premium reimbursement account (HPRA). The VMERS intends to establish a trust that meets the requirements of Section 115 or similar vehicle of the Internal Revenue Code to hold and invest employer contributions to the plan.

Qualified bidders are requested to submit proposals based on the use of one of two, or both, service models. The first model is to provide education, administer health premium reimbursement claims, and handle all recordkeeping functions for the HPRA participants. The second model would be to provide education, administer health premium reimbursement claims, handle all recordkeeping functions, *and* serve as trustee/custodian of the assets of the HPRA.

The intent is to provide administrative and/or trustee services for a health premium reimbursement account (HPRA) for all active and retired members of the system, to be accessed by members upon retirement. Pursuant to this mandate the following features are expected to be included in the plan:

- The HPRA will be funded on an annual basis by allocating a specific percentage of the annual employer contributions for the next fiscal year, contingent upon the actuarial and fiscal condition of the VMERS as reflected in the annual actuarial valuation, and contingent upon approval by the VMERS Board of Trustees. It is anticipated that the initial amount of contributions will be in the \$5 million range.
- There will be no guarantee of an allocation in any given year, or that continued allocations will be made in the future.
- Contingent upon an allocation of funds by the VMERS Board of Trustees, each member or retiree will receive an initial allocation based on his/her creditable service.
- Both active and current retirees will be eligible to receive allocations. Only retirees will be able to access the funds through premium claims reimbursement.
- It is anticipated, based on a review of IRS guidance that future allocations, if any, will be based on all creditable service earned.
- Any contributions made to an employee account by VMERS or its agents will be forfeited if the HPRA participant withdraws from membership prior to commencement of retirement. Forfeited amounts will be used to pay administrative expenses of the plan, or will be allocated to the accounts of other participants.
- Upon the death of a retiree with an HPRA balance, the retiree's spouse may continue to utilize the balance for medical premium reimbursements. Upon the death of the surviving spouse, or in the absence of a surviving spouse, any remaining balance will be forfeited and used to pay administrative expenses of the plan, or allocated to the accounts of the other participants.

It is anticipated that approximately 4,278 active vested employees and retirees will be eligible for this program. The current retiree population is 1,241.

The state expects to create a separate Section 115 trust or similar vehicle of the Internal Revenue Code for the HPRA program. The RFP permits the vendor to submit proposals based on one of two, or both, models. In the first model, the proposer acts as the third party administrator but does not hold the funds in trust or provide investment and/or custody services. The first model includes all third-party administration services, including claims processing, and required client, customer and regulatory reporting, etc., exclusive of custodian bank services. Funds would be drawn from the state's custodian bank as needed.

In the second model, all the above-described administrative serves would be provided in addition to trustee/custodial services. In completing the narrative section of the proposal, the bidder must clearly identify which model(s) are being proposed and, if two, clearly delineate the service delivery and costs for each.

Services expected to be included in either model include the following:

- Assist the State in development of a Plan Document.
- Set up and maintain individual account records for each participant.
- Receive VMERS contributions from the Retirement Division of the State of Vermont Treasurer's Office, acting on behalf of VMERS.
- Receive claims for reimbursement of premium expenses; verify and disburse funds.
- Provide the Retirement Division staff "read only" access to participant accounts.
- Update participant records with investment earnings.
- Develop, for the State's approval, and mail directly to participants an annual Statement of Plan Benefits.
- Develop, for the State's approval, materials for communication of the plan to participants.
- The account summary will include all transactions in the aggregate since the prior statement date.
- Provide an 800 number voice response line 24 hours a day, for participant inquiries. The ability for participants to access records on-line is preferred.
- Provide adequate customer service support 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.

In addition, the trustee model will incorporate the investment of funds on behalf of the participants in a new or existing plan. Given that the initial balances will be small, we expect that VMERS may want to establish a simplified investment vehicle at the onset of the program. As the balances increase, additional options may be incorporated. If the bidder is submitting a proposal based on this model, it is expected that the response will include a discussion of the range of investment options, one of which must be a money market fund, or comparable vehicle, which has a stable net asset value (NAV).

Fees will be netted from the participants' accounts per an approved schedule.

It is intended that the trust will be exempt from tax under Section 115 of the Internal Revenue Code, and that the trust participants will not be taxed on contributions to the account, or on distribution from it. If the IRS should require modifications to the program, the bidder will be expected to make conforming changes.

## **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.

#### **3.1.3 Member Confidentiality**

The State wants to assure the confidentiality of its members' and retirees' records. Therefore, each bidder shall be required to execute a Corporate Agreement of Confidentiality in order to submit a proposal in response to this RFP (see Attachment B). In the event that the bidder is selected to perform services, all bidder staff members assigned to the contract in any capacity will 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 include all expenses. 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), attached to this RFP, which is required to execute after 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.

### **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](http://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 the State.

### **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 two years with two one-year extensions.

The successful bidder will be required to execute the State's standard contract after 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. 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. 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.

### **3.2 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 “VMERS HPRA ADMINISTRATOR RFP” in the subject line.

Response to questions will be posted to our Web site at [www.vermonttreasurer.gov](http://www.vermonttreasurer.gov), as described in Sections 1.5 and 1.6. All questions submitted must include the name of the firm and the person submitting the questions.

## 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 in other in than the bidder's favor.

### 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 IV below) must be packaged separately from Technical Proposals (Parts I, II, and III 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 ten (10) bound copies of their proposals as well as one (1) CD-ROM containing the appropriate Microsoft Word 2000, Excel 2000, and Project 2003 files to comprise a full proposal set. 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, on the CD-ROM label, 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:	VMERS Health Premium Reimbursement Account Administrator RFP
RFP section:	Technical or Cost
<b><i>Closing date and time for submission of proposals: December 8, 2006 at 2:00 pm.</i></b>	
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 four 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 III	Bidder References
Part IV (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 Municipal Employees’ Retirement Systems Health Premium Reimbursement Account Administrator 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.

#### **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 I – 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:

- a. 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.
- b. Are any near-term changes to the firm's corporate or organizational structure anticipated? If yes, please specify.
- c. Please list all office locations and the number of individuals working in each office. Please specify which office would be the primary relationship office.
- d. Please provide the most recently completed SAS 70.
- e. Please provide the most recently completed audited financial statements for your firm.
- f. If the bidder is an insurance company or an issuer of debt, provide Moody's, Standard & Poor's, and A.M. Best ratings and the most recent reports.
- g. Provide information on all "related" or "affiliated" firms that will provide services described in this RFP.
- h. Provide any restrictions, regulatory action, consent orders, past or pending litigation relating to your firm, principals, or individual personnel within the past three years.

### **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 the 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.

- **Section 2 – Questions.** Please provide a full but concise response to the following questions.
  - a. Provide an organization chart for the team that will serve our plan.
  - b. Please provide a full biography/résumé – for primary staff who will be assigned to the HPRA account. Include biographies/ résumés of other key personnel who may be involved in routine services or special projects for the system(s).
  - c. What has been the scope and length of your experience with public sector retirement plans? What portion of your company’s total business is devoted to public sector retirement and retirement health reimbursement accounts in terms of assets under management, number of plans, and number of participants?
  - d. How many public sector defined contribution and deferred compensation plans do you currently administer? What are the assets and number of participants in these public sector retirement plans?
  - e. How many public sector retirement health reimbursement accounts do you currently administer? What are the assets and number of participants in these public sector retirement health savings plans? How long have you provided this product?
  - f. Describe your overall corporate philosophy and the unique services and features you offer to public sector retirement and retirement health reimbursement accounts.
  - g. Describe training provided for your staff.
  - h. Describe insurance coverage you carry for services you deliver to public sector retirement health savings plans.
  - i. Describe the procedure for evaluating and paying a request for a medical premium reimbursement. What types of premiums can be reimbursed by the account?
  - j. Is there a procedure for making automatic reimbursements for ongoing insurance premium expense?
  - k. What are the tax implications for contributions and distributions? What are the employer responsibilities for tax reporting, if any?
  - l. Provide copies of communications material provided to employees regarding health premium reimbursement account administered through your firm.
  - m. Enrollment. Describe the participant education program you will conduct between the time you are selected to serve the plan and the time assets may be contributed to your program:
  - n. Discuss how you will communicate the plan to employees.
  - o. Quantify your on-site commitment, including the number of group meetings you will conduct.
  - p. Describe the ongoing educational program that will be performed by your on-site service representatives:
  - q. Describe the individual consultations your representatives will provide on-site.
  - r. Describe the on-site group education you will provide on an on-going basis. What specific subjects are covered in your program?
  - s. How is your approach to educating public sector employees different from your service for private sector plans?

- t. How much time will representatives dedicate on-site to serve our plans?
- u. Provide samples of all retirement health reimbursement account employee communications materials.
- v. Internet. Address the following with regard to your web-based services:
  - i. Describe education and investment advice available to participants.
  - ii. Describe the transactions that can be implemented by employees on-line.
  - iii. In the past calendar year, how many hours was your web site down? How much of this down time was planned?
  - iv. What percent of all plan participants have established PINs for your web site?
- w. Call Center. Describe your call center:
  - i. What transactions and information are accessible through call center representatives and through your voice response system? Will there be a dedicated number and representatives to handle our plan that is separate from other plans?
  - ii. Describe the licenses held, special training received and other qualifications of call center personnel.
  - iii. Describe how participants transfer from the voice response system to the call center. When are they notified they can transfer to a representative?
  - iv. What are the hours of operation of the voice response system? What hours are call center representatives available?
  - v. Complete the following chart for the primary call center for our plan:

<i>Item</i>	1 <sup>st</sup> Quarter 2002	2 <sup>nd</sup> Quarter 2003	3 <sup>rd</sup> Quarter 2004	4 <sup>th</sup> Quarter 2005
Call abandon rate				
Average length of call				
Average response time				
Unscheduled down time				

- vi. Describe how you ensure and measure the quality of your call center.
- x. Statements. Address the following with regard to participant statements:
  - i. Do you provide aggregate account information for participants if you administer multiple plans?
  - ii. Can you provide a sample statement?
  - iii. Can a customized message be printed on statements for participants in our plan? If so, how long can the statement message be?
  - iv. How many days after quarter-end are statements mailed? What percent of statements mailed over the past four quarters met this target?
  - v. Are your statements made available on-line? What is the turnaround time? Do participants have the option to discontinue paper statements and receive copies only on-line?

- y. Plan Administration
  - i. How quickly are contributions invested in participant accounts? How do you receive contribution data and money?
  - ii. How long does it take to mail a check to the participant once a reimbursement request is submitted?
- z. Performance. Address the following questions related to the impact of your participant services.
  - i. Describe surveys you conduct to measure participant satisfaction.
  - ii. How do you measure the success of your educational programs?
  - iii. What confirmations do you mail to participants? What confirmations are made available to participants on-line? How quickly are confirmations sent to participants?
  - iv. Describe the quality control procedures you have in place. What types of reconciliation and editing do you perform? How do you resolve data discrepancies?
  - v. Describe your process for resolving issues that occur. What are your standards for the timing of resolving issues and how do you meet that target? What are your escalation procedures for issues that are not resolved within a standard period of time?
  - vi. Describe the procedures manual that you provide to plan sponsors. Is it available on-line?
- aa. Plan Sponsor Services
  - i. Describe how you interact with plan sponsors on a daily basis and how you minimize the plan sponsor's workload through automation.
  - ii. Describe the services you offer to help maintain compliance with current and proposed regulations as they relate to public sector retirement health reimbursement plans.
  - iii. What information do you provide plan sponsors to assist their due diligence? Provide a sample employer statement and plan review we would receive.
  - iv. Who will serve as our contact for daily questions and issues related to the administration of our plan?
  - v. Describe on-line services available to plan sponsors.
- bb. Investment Management (for bidders responding to this model)
  - i. Briefly describe your overall investment philosophy.
  - ii. As of the last quarter, provide Morningstar sheets and the following for the funds you propose:
  - iii. One, three, five and ten year fund performance
  - iv. One, three, five and ten year peer and index benchmark performance
  - v. Morningstar ratings
  - vi. Manager tenure

- vii. Describe your lifestyle funds and their underlying components. How are asset allocations adjusted and rebalanced over time?
  - viii. Describe your due diligence process. How are funds or managers selected, monitored, evaluated, and, if necessary, replaced?
- cc. Record Keeping
- i. Describe the record keeping hardware and software used by your organization. Was the software purchased or developed in-house?
  - ii. Describe your back-ups and disaster recovery plan. How often is the plan tested?
  - iii. Describe procedures and safeguards used to provide systems security. Discuss your Internet and call center security. Describe how confidentiality of data is ensured.
  - iv. What is the capacity utilization rate of your record keeping system's hardware and voice response unit? How do you ensure adequate capacity as demands on your system grow?
  - v. Do you record keep assets at NAV or on a unitized basis?
  - vi. Describe internal and external audits of your record keeping system and administrative functions.
  - vii. Confirm that you will provide total access to plan data during business hours to our auditor as required.
  - viii. In the event of an error in your control, how do you make participants and the plan whole?

#### **4.5 Bidder's Proposal PART III – Bidder References**

The bidder shall provide a minimum of three (3) references. At least two must be for public sector clients with assets under advisement of at least \$100 million. For each reference, the bidder must include the name, address, e-mail address, and telephone numbers of individuals qualified to provide information from both the management and technical viewpoints. For each reference, the bidder must specify:

- The length of time during which services were performed;
- A description of the specific services provided;
- Statistics such as size of plan, number of members served, number of options within the product, etc.

#### **4.6 Bidder's Proposal PART IV – Cost**

- a. Please state your proposal for any per participant or asset-based fees (other than fund expenses) that will be charged to participants. Will these fees apply to all participants and all assets? If not, describe which portion of assets or the participant base will pay the fee.
- b. Please state any per participant, asset-based, or other fees that will be charged to the plan. Please describe how these will be calculated and assessed.
- c. Will the bidder waive any of the above fees based on any asset minimums?

- d. For each investment option, provide the current fund expense ratio. Expenses for lifestyle funds must include the weighted average of underlying fund expenses based on the target asset allocation.
- e. Describe the disclosed fund expense ratio for your stable value or equivalent fund.
- f. Describe all ancillary service usage fees for services you will offer the plan.
- g. Confirm that you will not impose any initial or deferred sales charges on the plan or the participants. Confirm that you will not assess any market-value adjustments.
- h. Identify any and all other fees, costs, or expenses not identified above for the services you have proposed. The selected bidder will not be permitted to assess fees or expenses of any kind for services you have proposed that are not clearly disclosed in this RFP.

**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.

The factors to be used by the Treasurer’s Office in evaluating the proposals will include, but are not limited to, the following:

Evaluation of Proposals
<b>A. RFP Understanding</b> Approach Clarity Responsiveness to Scope of Services and ability to provide requested services
<b>B. General Experience and Qualifications of Firm</b> Experience Assigned personnel
<b>C. Cost</b>

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\_\_\_\_.

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 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 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.