

implementing Administrative Rules. All prospective offerors are charged with presumptive knowledge of all requirements of the cited authorities. Submission of a valid executed proposal by any prospective offeror shall constitute a representation of such knowledge on the part of such prospective offeror.

II. Procurement Officer and Contract Administrator

This RFP is issued by the Employees' Retirement System of the State of Hawaii. The individual listed below is the Procurement Officer and Contract Administrator for this procurement.

Mr. Wesley Machida, Administrator
 Employees' Retirement System of the State of Hawaii
 City Financial Tower
 201 Merchant Street, Suite 1400
 Honolulu, HI 96813
 Phone: (808) 586-1700
 Fax: (808) 586-1677

III. Procurement Timetable

Listed below are the important actions and corresponding final dates by which the actions must be taken or completed. **Offerors are notified that these dates are estimated by the ERS and are subject to change at the discretion of ERS. The ERS reserves the right to change any date(s) as deemed necessary and in the best interest of the ERS.** If ERS decides to change a date for any reason, notification will be given via the addendum process described in Paragraph XIII of this section.

<u>Proposed Actions</u>	<u>Date</u>
Release of the RFP	November 19, 2012
Last date for questions	November 29, 2012
ERS' response to questions	December 7, 2012
Deadline to submit proposals	December 19, 2012
Determination of priority-listed offerors	January 10, 2013
Presentations by priority-listed offerors to Board	February 11, 2013
Best and final offers	February 19, 2013
Final selection	March 11, 2013
Service initiation	April 1, 2013

Priority-listed offerors selected in accordance with Paragraph V of the Proposal Evaluation section of this RFP will be required to make a presentation **on February 11, 2013**, in Honolulu, Hawaii. Priority-listed offerors will be contacted by the ERS staff to arrange a specific time and location for the presentation.

- Submission of Mandatory Requirements Certification.

I. Phase 2 – Establishment of Priority List of Offerors

All offerors who pass Phase 1, Evaluation of Mandatory Requirements, shall be classified as "acceptable." If there are more than three "acceptable" offerors, the Evaluation Committee will evaluate all proposals and establish a priority list of no more than three (3) offerors who received the best preliminary evaluations. The order, priority and points to be applied to each evaluation criteria are as follow:

CRITERIA	POINTS
Ability, including resources, knowledge, and independence of judgment and avoidance of conflicts of interest, to perform the services referred to in the RFP	40
Stability and relevant history and experience of the firm and the individual consultants proposed for the ERS	25
Philosophy, process, soundness of approach and understanding of the needs of the ERS	25
Client references	10
<u>Fees</u>	<u>0</u>
TOTAL	100

II. Phase 3 – Interviews with Priority-Listed Offerors

During the course of this phase, the ERS Board of Trustees and the Procurement Officer will conduct interviews with the priority-listed offerors in Honolulu on **February 11, 2013**.

III. Phase 4 – Final Evaluation of Proposals

During this phase, the ERS will conduct final evaluations of the priority-listed offerors' proposals in accordance with the following criteria:

CRITERIA	POINTS
Ability, including resources, knowledge, and independence of judgment and avoidance of conflicts of interest, to perform the services referred to in the RFP	30
Fees	25
* Lowest fee for first 3 years = 15 points	
**Lowest fee for 5 years = 10 points	
Philosophy, process, soundness of approach and understanding of the needs of the ERS	20

Stability and relevant history and experience of the firm and the individual consultants proposed for the ERS	20
Client references	<u>5</u>
TOTAL	100

***Formula for determining allocation of points for fee for the first 3 years:**

allocated points = (\$ amount of the lowest fee proposal x 15) + \$ amount of the fee proposal being evaluated

****Formula for determining allocation of points for fee for five years:**

allocated points = (\$ amount of the lowest fee proposal x 10) + \$ amount of the fee proposal being evaluated

I. Phase 5 – Award

The ERS Board of Trustees and the Procurement Officer will make the final selection.

**Employees’ Retirement System of the State of Hawaii
Investment Consulting Services
Request for Proposal
SCOPE OF WORK**

I. Introduction

The purpose of the agreement resulting from this RFP is to obtain comprehensive pension fund investment consulting services for the ERS.

The contractor must be an investment advisor registered under the Investment Advisors Act of 1940 at the time of RFP proposal submission, as amended and shall provide investment advisory and consulting services as described in this RFP. One or more contractor(s) may be selected to provide investment consulting services.

The contractor will enter into an agreement in substantially the form set forth in Attachment B that will obligate the contractor to provide investment consulting services.

II. Agreement Period

The term of the agreement is three years with a two year extension at the option of the ERS. The term of the agreement will commence on or around **April 1, 2013**. The ERS will determine in **2016** whether to extend the term of the contract. If the contract extension is not granted, the contract will

expire in **2016**. If the extension is granted, the contract will expire in, **2018**.

The last payment due to the contractor will be issued after the quarterly performance report and other contracted materials, for December 31 of the expiring year, have been received.

The term of the agreement may be extended by the ERS at the ERS's option to facilitate the completion of any investment manager or custodian bank searches in progress at the end of the then existing term. Such extension shall be solely for the purpose of completing the searches and shall be at no additional cost to the ERS.

III. Compensation

The annual fixed fee shall be paid in equal quarterly installments. The contractor shall submit to the ERS a quarterly statement for the work covered under the annual fixed fee.

Any work not covered by the annual fixed fee AND if approved in writing in advance by the ERS Administrator or his designee, shall be submitted for payment upon completion of the work. The contractor shall submit to ERS a statement upon completion of the work not covered by the annual fixed fee.

The statements shall include the work performed by the contractor in sufficient detail to justify payment. The ERS shall process the claim for payment in accordance with the standard operating procedures of the ERS.

Funds are not presently available for performance under this contract beyond the current fiscal year. The ERS' obligation for performance of the contract beyond the fiscal year is contingent upon the availability of funds from which payment for contract purposes can be made. No legal liability on the part of the ERS for any payment may arise for performance under the contract beyond the current fiscal year until funds are made available for performance of the contract.

IV. Multi-Term Solicitation

This solicitation is for a multi-term contract. The proposed annual fixed fee shall be the same throughout the contract, except to the extent that price adjustment may be provided in this RFP and the resulting contract. The multi-term contract will be cancelled only if funds are not appropriated or otherwise made available to support continuation of performance in any fiscal period succeeding the first; however, this does not affect the State's rights or the contractor's rights under any termination clause of the contract. The head of the purchasing agency must notify the contractor on a timely basis if funds are not available for the continuation of the contract for each succeeding fiscal period. Offerors must submit prices for the entire time of performance only. In the event of cancellation, the contractor will be reimbursed unamortized reasonably incurred nonrecurring costs, if applicable.