



RFP 2022-01
**Compensation Consultant Services,
Employees' Retirement System
of the State of Hawaii.**

RELEASE DATE: 11/03/2021

State of Hawaii
Request for Proposal, RFP 2022-01,
SEALED COMPETITIVE PROPOSALS FOR
COMPENSATION CONSULTANT SERVICES
for the Employees' Retirement System
of the State of Hawaii.

This solicitation is a competitive sealed proposal governed under the provisions and authority of State of Hawaii HRS 103D and Chapter 88. This RFP is being offered through the State of Hawaii, Employees' Retirement System, website, (<https://ers.ehawaii.gov>). Qualified vendors may download the solicitation documents from this website on November 3, 2021, 4:00 pm HST.

Offerors' sealed hardcopy proposal are to be delivered to the Employees' Retirement System of the State of Hawaii (ERS), up to the RFP closure of 4:00 p.m. HST, on December 07, 2021. To Thomas Williams, Executive Director & Procurement Officer, at Employees' Retirement System of the State of Hawaii, City Financial Tower, 201 Merchant Street, Suite 1400 Honolulu, HI 96813-2980. Proposals received after this date/time will be late and ineligible for consideration.

For Offerors' to be considered for award, Offerors' are to be duly registered to do business in the State of Hawaii via DCCA registration, (cca.hawaii.gov/resources) and to be compliant in Hawaii Compliance Express (vendors.ehawaii.gov/hce) by the date and time of the RFP award..

The points of contact for this RFP are SJ Melendrez, at steven.melendrez@hawaii.gov or Larry Wolfe, at larry.wolfe@hawaii.gov, emails please copy to dbf.ers.procure@hawaii.gov.

This solicitation is accepting Offerors' questions. Questions may be submitted up to November 19, 2021 at 4:00 pm HST via email to; dbf.ers.procure@hawaii.gov with copy to steven.melendrez@hawaii.gov and to larry.wolfe@hawaii.gov. Offerors' questions will be answered by ERS via an addendum posted on ERS website (<https://ers.ehawaii.gov/>) on November 25 at 4:00 pm HST.

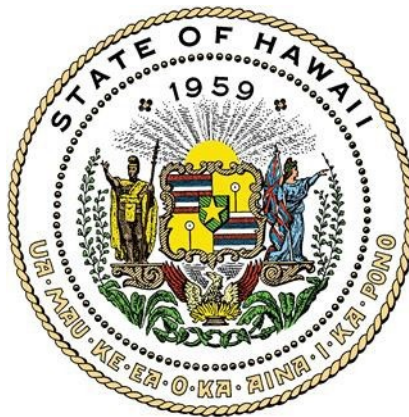
Mr. Thomas Williams
Executive Director and Procurement Officer

RFP 2022-01 COMPENSATION
CONSULTANT SERVICES

Employees' Retirement System of the State of Hawaii

Request for Proposals for Compensation Consultant Services

RFP 2022-01



Issue Date: November 3, 2021

**Changes to this RFP will be issued via an Addendum to the RFP
and posted on the ERS website at <https://ers.ehawaii.gov/>**

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SECTION 1 ADMINISTRATIVE OVERVIEW

1.1 Introduction

The Employees' Retirement System of the State of Hawaii (ERS) administers a defined benefit retirement plan for the State and County government employees of the State of Hawaii. ERS provides retirement, disability and death benefits for its members. ERS is a qualified defined benefit public pension plan under Section 401(a) of the Internal Revenue Code. Administration of the ERS falls under the policy and executive direction of the Board of Trustees with certain areas of administrative control vested in the state Department of Budget and Finance.

The ERS is seeking proposals from qualified firms to perform a comprehensive compensation and pay level review per the following

Phase I of the proposal will determine how current pay levels including non-financial incentives or benefits compare to the competitive market. **Phase II** is intended to determine the appropriateness and potential design of a long term Incentive Based Compensation Plan for the Executive Director (ED), Chief Investment Officer (CIO) and Investment Officer Staff, based on an assessment of current and future compensation and hiring objectives.

Review and recommendation of compensation for exempt (non-civil service) positions in the ERS was delegated by the Board of Trustees of the ERS ("Board") to the Compensation Review Committee ("CRC"). Therefore, the CRC will play a critical role in evaluating the deliverables of this RFP.

The Awardee of this RFP is expected to provide both in-person and virtual TEAMS meetings with the staff, CRC and the Board.

The basis for the award of this RFP is described in Section 4, Proposal Evaluation. Grand total of fees provided by the Offerors' for Phase 1 and Phase 2 are to be firm and fixed, not to exceed.

1.2 Background

The ERS was established by the Legislature in 1925 to provide retirement, disability and survivor benefits for State and county employees, including teachers, professors, police officers, firefighters, judiciary employees, judges, and elected officials.

The ERS is a qualified defined benefit public pension plan covered under Section 401(a) of the Internal Revenue Code. Hawaii Revised Statutes Chapter 88 and Hawaii Administrative Rules Title 6, Chapters 20 – 29 contain the language governing the pension trust.

The ERS investment portfolio is valued at exceeding \$21 billion (unaudited) as of September 2021 and is managed by over 50 investment firms in a combination of separate and commingled accounts. The ERS invests in domestic equity, international equity, domestic fixed income, international fixed income, real estate, mortgage loans, alternative investments (including private placements, buyouts, venture capital and restructuring loans) and timber farming. Effective October 2014, the Board of Trustees adopted a risk-based, functional framework for allocating capital within the total portfolio. This framework shifted the portfolio asset allocation from a return-based process to a risk-based process that makes use of strategic/functional classes that in-turn utilize underlying asset classes and strategies.

Additional information regarding the ERS is available on the ERS website at:
<http://ers.ehawaii.gov>.

- **ERS Investment Policy Guidelines and Procedures Manual** is available under the Investments link <http://ers.ehawaii.gov/investments/program>.
- **Comprehensive Annual Financial Report (CAFR), Actuarial Valuations and other financial reports** for ERS (FY 2001 to FY 2020) are available at <http://ers.ehawaii.gov/resources/financials>.

1.3 Authority

This RFP is issued under the provisions of Chapters 88 and 103D, Hawaii Revised Statutes and the 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.

1.4 RFP Organization

This RFP is organized into four sections including attachments:

- Section 1 Administrative Overview – provides offerors with general information on the objectives of this Request for Proposal (RFP), the procurement schedule and a procurement overview.
- Section 2 Scope of Work – provides offerors with a general description of the tasks to be performed.
- Section 3 Proposal – describes the required format and content for the Proposal.
- Section 4 Proposal Evaluation – describes how proposals will be evaluated.

1.5 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 for this procurement.

Mr. Thomas Williams, Executive Director
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

The individual listed below is the Contract Administrator for this procurement.

Ms. Elizabeth Burton, Chief Investment Officer
Employees' Retirement System of the State of Hawaii
City Financial Tower
201 Merchant Street, Suite 1400
Honolulu, HI 96813
Phone: (808) 586-1707
Fax: (808) 586-1677

1.6 Procurement Timetable

Listed below are actions and corresponding dates which are scheduled to support the processing of this RFP. All times noted are Hawaiian Standard Time (HST). 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 when in the best interest of the State. If a date is changed, notification will be provided by an addendum posted on ERS website, (<https://ers.ehawaii.gov>).

Activity	Date
RFP Announcement	October 26, 2021
RFP Available to Prospective Offerors	November 3, 2021 at 4:00 pm
RFP Pre-Proposal Conference via TEAMS	November 15, 2021 at 10:00 am
Closing Date for Submission of Questions via email.	November 19, 2021 at 4:00 pm
ERS's Response to Offerors' Question via addendum.	November 25, 2021 at 4:00 pm
Closing Date for Receipt of Proposals	December 07, 2021 at 4:00 pm
Notice of Award (approximately)	December 16, 2021
Contract Start (approximately)	January 01, 2022

1.7 Communications and Questions

Offerors and potential offerors (including agents of offerors or potential offerors, except as provided below), are advised not to contact any member of the ERS Board of Trustees or any member of the ERS staff in relation to this RFP. An exception to this rule applies only to firms who currently do business with the ERS, provided that any contact made by any such firm will be related only to that business and not related to this RFP.

This solicitation is accepting Offerors' questions. Questions may be submitted via email up to November 19, 2021 at 4:00 pm HST to, dbf.ers.procure@hawaii.gov with copy to steven.melendrez@hawaii.gov and to larry.wolfe@hawaii.gov. Offerors' questions will be answered by ERS via an addendum posted on ERS website (<https://ers.ehawaii.gov/>) on November 25 at 4:00 pm HST.

1.8 Submission of Proposals

Offerors are to carefully examine the specifications and amendments (if any) and the required contract forms or other documents, laws and rules, as necessary, before submitting a proposal. The submission of a proposal shall be considered to be a warranty and representation that the Offeror has made a careful examination and understands the specifications with the requirements therein and has presumptive, thorough knowledge of the laws and implications thereof.

Each Offeror may only submit one (1) proposal. Multiple proposal submittals by an Offeror will invalidate the proposals and not be considered or accepted. Offerors may only be a party to one proposal submittal.

The Offeror shall submit (1) original bound and (5) copies, (4) copies are to be bound and (1) copy is to be unbound. All documents are to be single sided and the proposal is to be divided into sections as identified in Section 3. Offeror shall also provide a copy of the proposal on a CD or a USB drive.

Offeror's hardcopy proposal is to be delivered to:
Thomas Williams, Executive Director & Procurement Officer
Employees' Retirement System of the State of Hawaii
City Financial Tower
201 Merchant Street, Suite 1400
Honolulu, HI 96813-2980

Include distinctive labeling on outside of package identified as:
"Proposal Response to RFP 2022-01
for Compensation Consultant Services"
Due Date and Time: December 07, 4:00 pm HST

1.9 Receipt, Recording, Opening and Modifications of Proposals.

Proposals and modifications will be date and time-stamped upon receipt and held in a secure place by the Procurement Officer until opening.

Proposals may be modified or withdrawn prior to the deadline for submission of proposals by the following:

- **Modifications:** A written hardcopy notice shall be sent by the offeror per Section 1.8 and received by ERS, stating that a modification to a submitted proposal is being provided by the offeror. The written notice must accompany the actual modification securely sealed in a delivered package per Section 1.8. An receipt acknowledgment of same will be provided by the ERS to the offeror.

- **Withdrawal:** A written notice may be sent by the offeror per Section 1.8 and received by the ERS, stating the offeror wishes to withdraw a proposal that was earlier provided per Section 1.8. Acknowledgment of same will be provided by the ERS to the offeror.

Proposals shall not be opened publicly but shall be opened in the presence of two or more procurement officials. Proposals and modifications shall be shown only to personnel having a legitimate interest in them.

A register of proposals shall be utilized which shall include the following for the proposals: the identification of each offeror, the number of modifications received with the time and date thereof. The register of proposals shall be open to public inspection only after award of the contract.

Any notice of withdrawal, notice of modification of a proposal with the actual modification, or any proposal received by the State after the time and date set for receipt is considered late and will be ineligible for award consideration.

An offeror may withdraw and resubmit a proposal prior to the final submission date/time. No withdrawals or re-submissions will be allowed after the final submission date and time.

1.10 Mistakes in Proposals:

Mistakes are ineligible for correction after the award of the contract.

If the Procurement Officer discovers or has the reason to conclude, (before award) that a mistake has been made, the Procurement Officer will contact and request the offeror to confirm the proposal. If the offeror alleges mistake, the proposal may be corrected or withdrawn pursuant to this section.

Once these discussions have commenced, an offeror may freely correct any mistake by modifying the proposal by mutual agreement of the procurement officer and the offeror prior to the notice of award.

ERS reserves the right to waive or permit cure for minor informalities, errors or omissions, and to conduct discussion with all qualified offerors in any manner necessary which serve the best interests of the State.

1.11 Costs for Proposal Preparation

Any costs incurred by an offeror in preparing or submitting a proposal are the offeror's sole responsibility. Travel and expenses to and from the State of Hawaii are also the sole responsibility of the organization submitting the response.

1.12 Disqualification of Proposals

The ERS reserves the right to consider as acceptable only those proposals submitted in accordance with all requirements set forth in this RFP and which demonstrate an understanding of the scope of work. Any proposal offering any other set of terms and conditions, or terms or conditions contradictory to those included in this RFP, shall be disqualified.

An offeror will be disqualified and the proposal automatically ruled ineligible for award consideration for any one of the following non-exclusive reasons:

- Proof of collusion among offerors, in which case all proposals and offerors involved in the collusive action will be rejected.
- The offeror's lack of responsibility and cooperation as shown by past work.
- The proposal shows noncompliance with applicable law.
- The proposal is conditional, incomplete, or irregular in such a way as to make the proposal incomplete, indefinite, or ambiguous as to its meaning.
- The proposal has any provision reserving the right to accept or reject award, or to enter into an agreement pursuant to an award, or provisions contrary to those required in the solicitation.
- The delivery of the proposal after the deadline specified in Section 1.8
- The offeror being in arrears on existing contracts with the State of Hawaii or having defaulted on previous contracts.
- The offeror's lack of sufficient experience to perform the work specified.
- The offeror's conflicts of interest or lack of independence in judgment.

1.13 RFP Amendments and Addendum

ERS may modify any part of the RFP, prior to the date for final submission of responses by issuance of an addendum posted on ERS website (<https://ers.ehawaii.gov>). Addenda will be numbered consecutively.

1.14 Cancellation of Request for Proposals/Rejection of Proposals

This RFP may be cancelled and any or all proposals may be rejected in whole or in part, when it is determined to be in the best interests of the State.

1.15 Uncertainties Beyond Control of the ERS

The ERS recognizes that circumstances beyond the control of the ERS may arise that may significantly affect the ability of the contractor to provide the services described in this RFP or as proposed by the contractor. Accordingly, the ERS reserves the right to modification to address such circumstances.

1.16 Proposal Bonds; Performance and/or Payment Bonds

No bid, performance or payment bonds will be required to be provided by the vendor pursuant to this RFP.

1.17 Acceptance of Proposal and Execution of Contract

Acceptance of a proposal, if any, will be made as provided in Section 1.6, the Procurement Timetable. The offeror is to have the ability to perform as specified in the RFP specifications and the contract. The ERS shall be the sole judge of capability.

The successful offeror will be notified by letter that its proposal has been accepted and that the offeror is being awarded the contract.

ERS may request a Best And Final Offer from the Offeror's but the Offeror's are advised their first offer may be considered their best and final offer. ERS reserves the right to award a contract based upon the written responses received and without prior discussion or negotiations.

In the specification package is Attachment C, which are sample contract documents used by the ERS. In submitting a proposal, the offeror will be deemed to have agreed to each provision set forth in Attachment C.

The contract awarded pursuant to this RFP shall consist of the RFP with any amendments thereof and the specific terms and conditions of the contract.

The ERS shall forward a contract to the successful offeror for execution. The contract shall be signed by the successful offeror, notarized and returned within ten days after receipt by the offeror, or within such time frame as may be allowed by the Procurement Officer.

No contract shall be considered binding upon the ERS until the contract has been fully and properly executed by all parties thereto.

If the offeror to whom a contract is awarded shall fail or neglect to enter into the contract within ten days after such award is offered or within such further time as may be allowed by the Procurement Officer, the Procurement Officer will consider awarding to next highest ranked offeror or may rebid the solicitation, when it is determined to be in the best interests of the State.

1.18 Debriefing

Non-selected offerors may submit a written request via email to the Procurement Officer at dbf.ers.procure@hawaii.gov for a debriefing within five business days after the posting of the award. The debriefing will be held by the Procurement Officer or designee via a TEAMS virtual meeting.

1.19 Requirements for Doing Business in the State of Hawaii

For Offerors' to be considered for award, Offerors' are to be duly registered to do business in the State of Hawaii via DCCA registration, (cca.hawaii.gov/resources) and to be compliant in Hawaii Compliance Express (vendors.ehawaii.gov/hce) by the date and time of the RFP award.

Section 3-122-112, Hawaii Administrative Rules (HAR), requires that, before award of the contract may be made, the successful offeror must provide proof of compliance with the requirements of the following chapters of the Hawaii Revised Statutes (HRS):

- 1) Chapter 237, tax clearance
- 2) Chapter 383, unemployment insurance
- 3) Chapter 386, workers' compensation
- 4) Chapter 392, temporary disability insurance
- 5) Chapter 393, prepaid health care

Proof of compliance with the foregoing requirements shall be provided through Hawaii Compliance Express (HCE), which allows vendors, contractors and service providers doing business with the State to register online through a simple wizard interface at <http://vendors.ehawaii.gov> to acquire a "Certificate of Vendor Compliance." The HCE provides current compliance status as of the date the Certificate of Vendor Compliance issuance. The Certificate of Vendor Compliance indicating that offeror or contractor's status is compliant with the requirements of HRS Chapter 103D-310(c), will be accepted for both contracting purposes and final payment.

The contractor shall maintain such compliance during the term of the contract and for final payment. The ERS may conduct periodic checks to confirm that a contractor maintains compliance with the foregoing requirements throughout the term of the contract, including any extensions. If a contractor's Certificate of Vendor Compliance reflects that the contractor's status is "Not Compliant" or "Expired", the ERS shall notify the Contractor and request remediation to achieve the HCE status to "Compliant."

1.20 Commencement of Work after Contract Execution

The awardee shall provide substantive actions on the project immediately upon receipt of the notice to proceed, which will be given upon the execution of the contract. The contractor will be considered in default if delays occur in the commencement of substantive work.

If a default occurs, the State reserves the right to cancel the contract and may award the contract to the next highest ranked offeror or may rebid the solicitation, when it is determined to be in the best interests of the State.

SECTION 2 SCOPE OF WORK

2.1 Comprehensive Pay Study

1. **Objective.** The CONTRACTOR understands that the primary objective of the work to be performed under Section 2.1 is to review ERS's existing compensation structure for its ED, CIO, and Investment Professionals and compare it to current market practice for peers, which will be determined by the CONTRACTOR in consultation with the CRC, and to make recommendations for changes in compensation amount or structure in response to findings.

2. Scope of Work.

- a. Review relevant background information on ERS's current pay program, e.g., position descriptions, current salary structure, non-financial benefits, compensation philosophy, investment policy etc.
- b. Survey and document compensation levels, policies and practices of peer organizations as defined in 1 above.
- c. Interview key stakeholders, e.g. board members, ED, CIO, investment professionals, etc. to obtain their views on the current compensation program, e.g. strengths, shortcomings, opportunities for improvement, etc.; to obtain their views on an incentive compensation program; to ascertain whether the CRC, Board, ED, CIO and/or the investment professionals favor any incentive structures; learn the background, roles and responsibilities of the individual professionals; learn ERS's operational and investment objectives, etc. This may be accomplished during on-site or virtual TEAMS meetings.
- d. Contractor will prepare a preliminary report that summarizes key findings of the current compensation structure, any recommendations for improvement, etc. and present them at a CRC meeting. Representatives may be asked to attend this meeting on-site. Electronic communication will be considered as an alternative to on-site presentation where appropriate and during initial information gathering.
- e. Contractor will solicit feedback from the CRC, ED, CIO and investment professionals and facilitate discussions to finalize the report.

f. Contractor will prepare a final report, based on their discussions with the key stakeholders and present the report to the Board of Trustees. Representatives may be asked to attend the ERS Board meeting to discuss the report and address any questions from the Board. Electronic communication will be considered as an alternative to on-site presentation where appropriate and during initial information gathering.

2.2 Benchmarks and Incentive Compensation Plan

1. **Objective.** The CONTRACTOR understands that the primary objective of the work to be performed under 2.2 is to design a long-term incentive compensation plan for the ED, CIO, and Investment Professionals that:

- a. Incorporates benchmark review/selection and establishes performance standards that are properly aligned with ERS's investment policy and investment objectives.
- b. Is structured to deliver market competitive pay in order to attract, retain, and motivate experienced investment and executive talent.
- c. Encourages staff to earn superior investment returns at appropriate levels of risk.

2. Scope of Work

- a. Employing the background information gathered and stakeholder interviews performed in Section 2.1 (2): Review relevant background information on ERS's current pay program, e.g., position descriptions, current salary structure, compensation philosophy, investment policy etc.
- b. Interview key stakeholders, e.g., board members, ED, CIO, Investment Officers, etc. learn the background, roles and responsibilities of the individual professionals; learn ERS's operational and investment objectives, etc. This may include an on-site meeting.
- c. Develop and review incentive compensation benchmarks for appropriateness, identify optimal changes and make recommendations as appropriate.
- d. Contractor will prepare a preliminary compensation summary report and preliminary draft of a proposed incentive plan, incorporating appropriate benchmarks and present them at a CRC meeting. Representatives may be asked to attend this meeting on-site. Electronic

communication will be considered as an alternative to on-site presentation where appropriate and during initial information gathering.

e. Contractor will solicit feedback from CRC, ED, CIO and investment professionals and facilitate discussions to finalize the report and proposed incentive compensation plan.

f. Contractor will prepare a final report and incentive compensation plan, based on their discussions with the key stakeholders and present the report and plan to the Board. Representatives may be asked to attend the ERS Board meeting on-site to discuss the report and incentive plan with the Board and field questions.

g. Recommendations from Sections 2.1 and 2.2, if developed, may be presented during a single meeting of the Board.

2.3. CONTRACT PERIOD

It is estimated that the term of the Contract awarded under this RFP will commence January 01, 2022 and expire on 12/31/2022. The term of the Contract may be extended, at the option of the State for one additional year term.

Funds are not presently available for performance under the Contract beyond the current fiscal year. The ERS's 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.

SECTION 3 PROPOSAL FORMAT

3.1 Introduction

The offeror shall prepare a written proposal that will fully describe the qualifications and availability of the offeror to provide the services requested and the compensation the offeror proposes in response to this RFP. The proposal shall include, but not be limited to the following:

Cover letter.

Qualifications and Expertise.

Responses to Questionnaire.

Project Team description with resumes of key persons.

Project Plan, provide proposed timeline in a Gantt Schedule format.

References, which may be contacted for verification.

Proposed schedule of fees.

3.2 Confidential or Proprietary Information

Offeror shall designate those portions of the proposal that contain trade secrets or other proprietary data/information that should remain confidential at the time of submission.

This information is to be clearly marked and readily separable from the body of the proposal to facilitate public inspection of the non-confidential portions. Any request for public inspection is subject to the requirements of Chapter 92F, Hawaii Revised Statutes. The fee proposal is not considered confidential.

3.3 Cover Letter

The RFP response is to include a cover letter addressed to the Procurement Officer. The letter, which will be considered an integral part of the Proposal, shall contain the following:

Offeror's Vital Information

The cover letter shall include the offeror's name, address, telephone/fax numbers, and e-mail address. Include the name, title and contact information of person responsible for proposal response and management thereof.

Terms and Conditions of RFP

A statement that the offeror fully understands and will comply with all terms and conditions contained in the RFP. The offeror shall include acknowledgement and receipt of any and all amendments or addenda made to this RFP.

Legal Entity

A statement indicating that the offeror is an individual, a partnership, a limited liability company or a corporation. If the offeror is a corporation, a partnership, a limited liability company or other legal entity, include a statement indicating the jurisdiction where the offeror is organized.

Authorized Signature

The cover letter must be signed by an individual or individuals authorized to legally bind the offeror. If the offeror is a corporation, evidence in the form of a certified copy of a corporate resolution or certified copy of articles of incorporation or bylaws shall be submitted showing the individual's authority to bind the corporation. If the offeror is a partnership, the proposal must be signed by all the partners or evidence in the form of a certified copy of the partnership agreement shall be submitted showing the individual's authority to bind the partnership. Similar evidence must be submitted for an individual signing the proposal letter on behalf of any other type of business entity.

Federal Tax ID No.

The cover letter shall include the offeror's federal tax identification number.

Hawaii General Excise Tax ID No.

A Hawaii General Excise Tax (GET) ID to be provided or compliance thereof may be provided by a compliant certification.

Current Licenses and Registration

A statement that the offeror maintains the current licenses necessary to provide the services required and provide the licenses copies or authority thereof in the offeror's proposal. In addition, the licenses or certifications shall be maintained in good standing throughout the term of the contract.

Subcontracting of Services

A statement by the offeror indicating that the work described in the RFP will not be subcontracted or assigned without the prior written approval of the ERS.

Non-discrimination

A statement of affirmative action that the offeror does not discriminate in employment and practices with regard to race, color, religion, age (except as provided by law), sex, marital status, political affiliation, national origin, handicap or disability.

ERS Approval of Offeror's Recommendations

A statement that the offeror understands that the ERS reserves the right to disapprove offeror recommendations without penalty when they conflict with the policy or fiscal interests of the ERS, as determined by the ERS.

Terms and Conditions of Contract

Briefly affirm that the provisions of the sample contract in Attachment C are acceptable. ERS reserves the right to decline or classify as "non-responsive" any substantive changes, modifications, or revisions to the provisions of the sample contract.

3.4 Qualifications and Expertise/Understanding of Engagement:

Offeror shall provide answers to the following questions in their proposal.

1. Please provide an overview of your organization, capabilities, experience and range of services provided.
2. Please describe in detail your organization's understanding of the services requested in this RFP by ERS and describe the procedures and methods that will achieve the required outcomes.

3. Please describe why your company believes that it is best qualified to undertake the proposed engagement.
4. Please describe how your firm would bring value to our agency.
5. Please describe areas or processes not included in this RFP that your company may provide as value added services .
6. Please describe similar projects completed by your firm from similar clients of size, scale and complexity as ERS, within the past three 3 years.

3.5 Questionnaire

Please provide the following information:

1. Vendor's United States office locations, identifying which location(s) will be assigned this project.
2. Vendor's organizational structure and provide an organization chart.
3. The number of years Vendor has been in business.
4. Yes/No: Has Vendor undergone any material change in its structure or ownership within the last 2 years? If yes, please describe.
5. Yes/No: Is any material change in ownership or structure currently under review or being contemplated? If yes, please describe.
6. Please provide your most recent financial statements, including a statement of financial position, an annual income statement, and a balance sheet, (this may be stamped confidential and readily separated from the body of the proposal).
7. Please describe any material litigation to which your company is currently a party. In addition, please describe any material litigation that your company has been involved in over the last 3 years.
8. Please provide a list and describe litigation brought or proposed against your company by existing or former clients over the past 5 years.

3.6 Project Team

1. Describe the team assigned to work on this project. Include the resumes of each team member, describing their education, training, qualifications and include copies of their certifications or issuing authorities with their resumes. Identify each individual's proposed responsibilities on this project and the unique skill sets they bring to the engagement.

2. Offeror is required to provide all deliverables and perform all services requested by the RFP and may not subcontract to provide such goods or services without the written consent of ERS. For each of the vendor's potential subcontractors, please provide the following information:
 - a. The proposed subcontractor's (firm) name and address.
 - b. A brief description of the services and deliverables the subcontractor may provide.
 - c. A statement that Offeror acknowledges and agrees that it will remain liable for the provision of any services performed by the subcontractor.

3.7 Project Plan:

The proposal to include a Gantt type project plan for provision of the services and deliverables described in this RFP, including but not limited to:

1. A description of how the Offeror will consult with and/or make presentations to the ERS Board and staff during the engagement.
2. A description of the service management and quality control procedures to be utilized. This should identify and describe any anticipated potential problems, the Offeror's approach to resolving these problems, and any assistance that will be requested from ERS.
3. Offeror to allow ample time to review all existing documentation pertaining to the specified services and deliverables.

3.8 Proposed Gantt Project Schedule

Provide the proposed project timeline in a Gantt Type schedule format delineating the tasks, objectives aligned with the requirements in this RFP which are to be accomplished in support of this project with the proposed milestones. The timeline to provide project completion within the contract term.

3.9 References

Provide the names of a minimum of (3) references serviced within the past (5) years, of similar size, scale and complexity of the ERS, including the phone numbers and addresses of the company or agency and the names of the key contacts that ERS may contact for verification.

3.10 Proposed Fees

1. Offeror to provide not-to-exceed, fixed & firm price quote for each phase of this engagement which are Phase 1 and Phase 2. The aggregate will be the total cost of the project to the ERS including all reimbursable expenses.

Project Phases:

Phase I of the proposal will determine how current pay levels including non-financial incentives or benefits compare to the competitive market.

Phase II is intended to determine the appropriateness and potential design of a long term Incentive Based Compensation Plan for the Executive Director (ED), Chief Investment Officer (CIO) and Investment Officer Staff, based on an assessment of current and future compensation and hiring objectives.

2. Please provide a cost per hour for additional service work, or if hourly costs are not applicable, the deliverables that the Offeror intends to provide and the cost associated with each deliverable.
3. State whether Offeror will negotiate its proposed cost if ERS decides negotiation is appropriate as to any aspect of the proposals. In no case, will the negotiated cost be higher than the not to exceed cost submitted by the Vendor in its proposal.

The fee proposal shall identify separately fees for Scope of Work items 2.1 and 2.2 and for an optional extension term, if offered by the ERS.

SECTION 4 PROPOSAL EVALUATION

4.1 Introduction

The evaluation of proposals received in response to this RFP will be conducted comprehensively, fairly, and impartially.

4.2 Evaluation Organization

A Selection Committee shall evaluate proposals submitted as described in Section 1.8 and will make any final decision on contract award.

4.3. Offeror Proposal Evaluation Phases:

The evaluation will be conducted in two phases:

Phase 1 -- Evaluation of Mandatory Requirements: During this phase, each proposal will be evaluated to determine whether it is sufficiently responsive to the mandatory requirements described in Section 3 to permit a complete evaluation. Those proposals meeting the mandatory requirements will be considered for Phase 2.

Phase 2 – Evaluation of Proposals: All offerors who pass Phase 1 are eligible for evaluation in Phase 2. The Selection Committee will evaluate the proposals and rank the proposals based on the highest total number of points received from the criteria in Paragraph 4.4.

4.4. Evaluation Criteria

The order, priority and points to be applied to each evaluation criteria are:

Criteria	Points
Professional qualifications and expertise	30
Stability and relevant experience of the firm and the team proposed for the ERS	25
Soundness of the approach, quality of the work plan, and understanding the needs of the ERS	25
Fees	15
Client references	5
Total	100

*Formula for determining allocation of points for fee:

allocated points = (\$ amount of the lowest fee proposal x 15.0) ÷ \$ amount of the fee proposal being evaluated

ATTACHMENTS

Attachment Processing:

- Attachment A:

Offerors are to annotate attachment A with Offeror's company information, sign and submit in their proposal package.

- Attachment B:

Offerors are to annotate and sign attachment B, the Confidentiality Agreement and if Offeror is to employ a sub-contractor, the sub-contractor is also to annotate and sign a confidentiality attachment. Offeror is to submit the confidentiality agreement(s) in their proposal package.

- Attachment C:

Attachment C is a Sample of contract documents. Offeror is to read and to have a full understanding of the documents herein and to agree with same. Including the documents referenced within the Sample Contract. Offeror is to submit a statement in their proposal affirming same. No other action is required by the Offeror concerning the Sample Contract documents at this time.