

REQUEST FOR PROPOSALS FOR

Special Funds Investment Consultant

ISSUING OFFICE

**Pennsylvania Insurance Department
on behalf of the
Bureau of Special Funds**

RFP 2013-003

DATE OF ISSUANCE

September 6, 2013

**REQUEST FOR PROPOSALS FOR
Special Funds Investment Consultant**

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CALENDAR OF EVENTS

The Commonwealth will make every effort to adhere to the following schedule:

Activity	Responsibility	Date
Deadline to submit Questions via email to psalvatore@pa.gov .	Potential Offerors	September 20, 2013 by 4PM Eastern Time
Answers to Potential Offeror questions posted to the DGS website (http://www.dgsweb.state.pa.us/RTA/Search.aspx) no later than this date.	Issuing Office	September 27, 2013 by 4PM Eastern Time
Please monitor website for all communications regarding the RFP.	Potential Offerors	Ongoing
Sealed proposal must be received by the Issuing Office at the following mailing address: Pennsylvania Insurance Department, Bureau of Special Funds, 901 N. 7 th Street, Harrisburg, PA 17102, Attn: RFQ 2013-003.	Offerors	October 7, 2013 by 3PM Eastern Time

PART I

GENERAL INFORMATION

I-1. Purpose. This request for proposals (RFP) provides to those interested in submitting proposals for the subject procurement (“Offerors”) sufficient information to enable them to prepare and submit proposals for the Pennsylvania Insurance Department’s Bureau of Special Funds consideration on behalf of the Commonwealth of Pennsylvania (“Commonwealth”) to satisfy a need a Special Funds Investment Consultant (“Project”).

I-2. Issuing Office. The Insurance Department on behalf of the Bureau of Administration ("Issuing Office") has issued this RFP on behalf of the Commonwealth. The sole point of contact in the Commonwealth for this RFP shall be Peter J Salvatore, psalvatore@pa.gov, the Issuing Officer for this RFP. Please refer all inquiries to the Issuing Officer.

I-3. Scope. This RFP contains instructions governing the requested proposals, including the requirements for the information and material to be included; a description of the service to be provided; requirements which Offerors must meet to be eligible for consideration; general evaluation criteria; and other requirements specific to this RFP.

I-4. Problem Statement. The investment committee, comprised of individuals from the Pennsylvania Insurance Department and the Pennsylvania Treasury, desires to secure investment consultant services related to the Workers’ Compensation Security Fund (“WCSF”) and the Underground Storage Tank Indemnification Fund (“USTIF”)(collectively the “Special Funds”). Additional detail is provided in **Part IV** of this RFP.

I-5. Type of Contract. It is proposed that if the Issuing Office enters into a contract as a result of this RFP, it will be a fixed price contract containing the Standard Contract Terms and Conditions as shown in **Appendix A**. The Issuing Office, in its sole discretion, may undertake negotiations with Offerors whose proposals, in the judgment of the Issuing Office, show them to be qualified, responsible and capable of performing the Project.

I-6. Rejection of Proposals. The Issuing Office reserves the right, in its sole and complete discretion, to reject any proposal received as a result of this RFP.

I-7. Incurring Costs. The Issuing Office is not liable for any costs the Offeror incurs in preparation and submission of its proposal, in participating in the RFP process or in anticipation of award of the contract.

I-8. Pre-proposal Conference. **There will be no Pre-proposal conference for this RFP. If there are any questions, please forward them to the Issuing Officer in accordance with Section I-9.**

I-9. Questions & Answers. If an Offeror has any questions regarding this RFP, the Offeror must submit the questions by email (with the subject line “RFP 2013-003 Question”) to the Issuing Officer named in Part I, Section I-2 of the RFP. If the Offeror has questions, they must be submitted via email no later than the date indicated on the Calendar of Events. The Offeror shall not attempt to contact the Issuing Officer by any other means. The Issuing Officer shall post the answers to the questions on the DGS website by the date stated on the Calendar of Events. An Offeror who submits a question *after* the deadline date for receipt of questions indicated on the Calendar of Events assumes the risk that its proposal will not be responsive or competitive because the Commonwealth is not able to respond before the proposal receipt date or in sufficient time for the Offeror to prepare a responsive or competitive proposal. When submitted after the deadline date for receipt of questions indicated on the Calendar of Events, the Issuing Officer *may* respond to questions of an administrative nature by directing the questioning Offeror to specific provisions in the RFP. To the extent that the Issuing Office decides to respond to a non-administrative question *after* the deadline date for receipt of questions indicated on the Calendar of Events, the answer must be provided to all Offerors through an addendum.

All questions and responses as posted on the DGS website are considered as an addendum to, and part of, this RFP in accordance with RFP **Part I, Section I-10**. Each Offeror shall be responsible to monitor the DGS website for new or revised RFP information. The Issuing Office shall not be bound by any verbal information nor shall it be bound by any written information that is not either contained within the RFP or formally issued as an addendum by the Issuing Office. The Issuing Office does not consider questions to be a protest of the specifications or of the solicitation. The required protest process for Commonwealth procurements is described on the Department’s website at the following link:

http://www.portal.state.pa.us/portal/server.pt/document/1362929/pid_protest_procedures_pdf

I-10. Addenda to the RFP. If the Issuing Office deems it necessary to revise any part of this RFP before the proposal response date, the Issuing Office will post an addendum to the DGS website at <http://www.dgsweb.state.pa.us/RTA/Search.aspx>. It is the Offeror’s responsibility to periodically check the website for any new information or addenda to the RFP. Answers to the questions asked during the Questions & Answers period also will be posted to the website as an addendum to the RFP.

I-11. Response Date. To be considered for selection, hard copies of proposals must arrive at the Issuing Office on or before the time and date specified in the RFP Calendar of Events. The Issuing Office will **not** accept proposals via email or facsimile transmission. Offerors who send proposals by mail or other delivery service should allow sufficient delivery time to ensure timely receipt of their proposals. If, due to inclement weather, natural disaster, or any other cause, the Commonwealth office location to which proposals are to be returned is closed on the proposal response date, the deadline for submission will be automatically extended until the next Commonwealth business day on which the office is open, unless the Issuing Office otherwise notifies Offerors. The hour for submission of proposals shall remain the same. The Issuing Office will reject, unopened, any late proposals.

I-12. Proposals. To be considered, Offerors should submit a complete response to this RFP to the Issuing Office, using the format provided in **Part II**, providing **eight (8) paper copies of the Technical Submittal and one (1) paper copy of the Cost Submittal and two (2) paper copies of the Small Diverse Business (SDB) participation submittal.** In addition to the paper copies of the proposal, Offerors shall submit one **complete and exact** copies of the entire proposal (Technical, Cost and SDB submittals, along with all requested documents) on CD-ROM or Flash drive in Microsoft Office or Microsoft Office-compatible format and all electronic submissions must be identified with the Offeror's name. The electronic copy must be a mirror image of the paper copy and any spreadsheets must be in Microsoft Excel. The Offerors may not lock or protect any cells or tabs. Offerors should ensure that there is no costing information in the technical submittal. Offerors should not reiterate technical information in the cost submittal. The CD or Flash drive should clearly identify the Offeror and include the name and version number of the virus scanning software that was used to scan the CD or Flash drive before it was submitted. The Offeror shall make no other distribution of its proposal to any other Offeror or Commonwealth official or Commonwealth consultant. Each proposal page should be numbered for ease of reference. An official authorized to bind the Offeror to its provisions must sign the proposal. If the official signs the Proposal Cover Sheet (Appendix **D** to this RFP) and the Proposal Cover Sheet is attached to the Offeror's proposal, the requirement will be met. For this RFP, the proposal must remain valid for **120** days or until a contract is fully executed. If the Issuing Office selects the Offeror's proposal for award, the contents of the selected Offeror's proposal will become, except to the extent the contents are changed through Best and Final Offers or negotiations, contractual obligations.

Each Offeror submitting a proposal specifically waives any right to withdraw or modify it, except that the Offeror may withdraw its proposal by written notice received at the Issuing Office's address for proposal delivery prior to the exact hour and date specified for proposal receipt. An Offeror or its authorized representative may withdraw its proposal in person prior to the exact hour and date set for proposal receipt, provided the withdrawing person provides appropriate identification and signs a receipt for the proposal. An Offeror may modify its submitted proposal prior to the exact hour and date set for proposal receipt only by submitting a new sealed proposal or sealed modification which complies with the RFP requirements.

I-13. Small Diverse Business Information. The Issuing Office encourages participation by small diverse businesses as prime contractors, and encourages all prime contractors to make a significant commitment to use small diverse businesses as subcontractors and suppliers.

A Small Diverse Business is a DGS-verified minority-owned business, woman-owned business, veteran-owned business or service-disabled veteran-owned business.

A small business is a business in the United States which is independently owned, not dominant in its field of operation, employs no more than 100 full-time or full-time equivalent employees, and earns less than \$7 million in gross annual revenues for building design, \$20 million in gross annual revenues for sales and services and \$25 million in gross annual revenues for those businesses in the information technology sales or service business.

Questions regarding this Program can be directed to:

Department of General Services
Bureau of Small Business Opportunities
Room 611, North Office Building
Harrisburg, PA 17125
Phone: (717) 783-3119
Fax: (717) 787-7052
Email: gs-bsbo@pa.gov
Website: www.dgs.state.pa.us

The Department's directory of BSBO-verified minority, women, veteran and service disabled veteran-owned businesses can be accessed from: [Searching for Small Diverse Businesses](#).

I-14. Economy of Preparation. Offerors should prepare proposals simply and economically, providing a straightforward, concise description of the Offeror's ability to meet the requirements of the RFP.

I-15. Alternate Proposals. The Issuing Office has identified the basic approach to meeting its requirements, allowing Offerors to be creative and propose their best solution to meeting these requirements. The Issuing Office will not accept alternate proposals.

I-16. Discussions for Clarification. Offerors may be required to make an oral or written clarification of their proposals to the Issuing Office to ensure thorough mutual understanding and Offeror responsiveness to the solicitation requirements. The Issuing Office will initiate requests for clarification. Clarifications may occur at any stage of the evaluation and selection process prior to contract execution.

I-17. Prime Contractor Responsibilities. The contract will require the selected Offeror to assume responsibility for all services offered in its proposal whether it produces them itself or by subcontract. The Issuing Office will consider the selected Offeror to be the sole point of contact with regard to contractual matters.

I-18. Proposal Contents.

- A. Confidential Information. The Commonwealth is not requesting, and does not require, confidential proprietary information or trade secrets to be included as part of Offerors' submissions in order to evaluate proposals submitted in response to this RFP. Accordingly, except as provided herein, Offerors should not label proposal submissions as confidential or proprietary or trade secret protected. Any Offeror who determines that it must divulge such information as part of its proposal must submit the signed written statement described in subsection c. below and must additionally provide a redacted version of its proposal, which removes only the confidential proprietary information and trade secrets, for required public disclosure purposes.
- B. Commonwealth Use. All material submitted with the proposal shall be considered the property of the Commonwealth of Pennsylvania and may be returned only at the Issuing

Office's option. The Commonwealth has the right to use any or all ideas not protected by intellectual property rights that are presented in any proposal regardless of whether the proposal becomes part of a contract. Notwithstanding any Offeror copyright designations contained on proposals, the Commonwealth shall have the right to make copies and distribute proposals internally and to comply with public record or other disclosure requirements under the provisions of any Commonwealth or United States statute or regulation, or rule or order of any court of competent jurisdiction.

- C. Public Disclosure. After the award of a contract pursuant to this RFP, all proposal submissions are subject to disclosure in response to a request for public records made under the Pennsylvania Right-to-Know-Law, 65 P.S. § 67.101, et seq. If a proposal submission contains confidential proprietary information or trade secrets, a signed written statement to this effect must be provided with the submission in accordance with 65 P.S. § 67.707(b) for the information to be considered exempt under 65 P.S. § 67.708(b)(11) from public records requests. If financial capability information is submitted in response to Part II of this RFP such financial capability information is exempt from public records disclosure under 65 P.S. § 67.708(b)(26).

I-19. Best and Final Offers.

- A. While not required, the Issuing Office reserves the right to conduct discussions with Offerors for the purpose of obtaining "best and final offers." To obtain best and final offers from Offerors, the Issuing Office may do one or more of the following, in any combination and order:
1. Schedule oral presentations;
 2. Request revised proposals;
 3. Conduct a reverse online auction; and
 4. Enter into pre-selection negotiations.
- B. The following Offerors will **not** be invited by the Issuing Office to submit a Best and Final Offer:
1. Those Offerors, which the Issuing Office has determined to be not responsible or whose proposals the Issuing Office has determined to be not responsive.
 2. Those Offerors, which the Issuing Office has determined in accordance with **Part III, Section III-5**, from the submitted and gathered financial and other information, do not possess the financial capability, experience or qualifications to assure good faith performance of the contract.
 3. Those Offerors whose score for their technical submittal of the proposal is less than 70% of the total amount of technical points allotted to the technical criterion.

The issuing office may further limit participation in the best and final offers process to those remaining responsible offerors which the Issuing Office has, within its discretion, determined to be within the top competitive range of responsive proposals.

- C. The Evaluation Criteria found in **Part III, Section III-4**, shall also be used to evaluate the Best and Final offers.
- D. Price reductions offered through any reverse online auction shall have no effect upon the Offeror's Technical Submittal. Dollar commitments to Small Diverse Businesses can be reduced only in the same percentage as the percent reduction in the total price offered through any reverse online auction or negotiations.

I-20. News Releases. Offerors shall not issue news releases, Internet postings, advertisements or any other public communications pertaining to this Project without prior written approval of the Issuing Office, and then only in coordination with the Issuing Office.

I-21. Restriction of Contact. From the issue date of this RFP until the Issuing Office selects a proposal for award, the Issuing Officer is the sole point of contact concerning this RFP. Any violation of this condition may be cause for the Issuing Office to reject the offending Offeror's proposal. If the Issuing Office later discovers that the Offeror has engaged in any violations of this condition, the Issuing Office may reject the offending Offeror's proposal or rescind its contract award. Offerors must agree not to distribute any part of their proposals beyond the Issuing Office. An Offeror who shares information contained in its proposal with other Commonwealth personnel and/or competing Offeror personnel may be disqualified.

I-22. Issuing Office Participation. Offerors shall provide all services, supplies, facilities, and other support necessary to complete the identified work, except as otherwise provided in this **Part I, Section I-22**

I-23. Term of Contract. The term of the contract will commence on the Effective Date and will consist of a three (3) year contract with two (2) optional one (1) year renewals. The Issuing Office will fix the Effective Date after the contract has been fully executed by the selected Offeror and by the Commonwealth and all approvals required by Commonwealth contracting procedures have been obtained. The selected Offeror shall not start the performance of any work prior to the Effective Date of the contract and the Commonwealth shall not be liable to pay the selected Offeror for any service or work performed or expenses incurred before the Effective Date of the contract.

I-24. Offeror's Representations and Authorizations. By submitting its proposal, each Offeror understands, represents, and acknowledges that:

- A. All of the Offeror's information and representations in the proposal are material and important, and the Issuing Office may rely upon the contents of the proposal in awarding the contract(s). The Commonwealth shall treat any misstatement, omission or

misrepresentation as fraudulent concealment of the true facts relating to the Proposal submission, punishable pursuant to 18 Pa. C.S. § 4904.

- B. The Offeror has arrived at the price(s) and amounts in its proposal independently and without consultation, communication, or agreement with any other Offeror or potential offeror.
- C. The Offeror has not disclosed the price(s), the amount of the proposal, nor the approximate price(s) or amount(s) of its proposal to any other firm or person who is an Offeror or potential offeror for this RFP, and the Offeror shall not disclose any of these items on or before the proposal submission deadline specified in the Calendar of Events of this RFP.
- D. The Offeror has not attempted, nor will it attempt, to induce any firm or person to refrain from submitting a proposal on this contract, or to submit a proposal higher than this proposal, or to submit any intentionally high or noncompetitive proposal or other form of complementary proposal.
- E. The Offeror makes its proposal in good faith and not pursuant to any agreement or discussion with, or inducement from, any firm or person to submit a complementary or other noncompetitive proposal.
- F. To the best knowledge of the person signing the proposal for the Offeror, the Offeror, its affiliates, subsidiaries, officers, directors, and employees are not currently under investigation by any governmental agency and have not in the last **four** years been convicted or found liable for any act prohibited by State or Federal law in any jurisdiction, involving conspiracy or collusion with respect to bidding or proposing on any public contract, except as the Offeror has disclosed in its proposal.
- G. To the best of the knowledge of the person signing the proposal for the Offeror and except as the Offeror has otherwise disclosed in its proposal, the Offeror has no outstanding, delinquent obligations to the Commonwealth including, but not limited to, any state tax liability not being contested on appeal or other obligation of the Offeror that is owed to the Commonwealth.
- H. The Offeror is not currently under suspension or debarment by the Commonwealth, any other state or the federal government, and if the Offeror cannot so certify, then it shall submit along with its proposal a written explanation of why it cannot make such certification.
- I. The Offeror has not made, under separate contract with the Issuing Office, any recommendations to the Issuing Office concerning the need for the services described in its proposal or the specifications for the services described in the proposal.

- J. Each Offeror, by submitting its proposal, authorizes Commonwealth agencies to release to the Commonwealth information concerning the Offeror's Pennsylvania taxes, unemployment compensation and workers' compensation liabilities.
- K. Until the selected Offeror receives a fully executed and approved written contract from the Issuing Office, there is no legal and valid contract, in law or in equity, and the Offeror shall not begin to perform.

I-25. Notification of Selection.

- A. **Contract Negotiations.** The Issuing Office will notify all Offerors in writing of the Offeror selected for contract negotiations after the Issuing Office has determined, taking into consideration all of the evaluation factors, the proposal that is the most advantageous to the Issuing Office.
- B. **Award.** Offerors whose proposals are not selected will be notified when contract negotiations have been successfully completed and the Issuing Office has received the final negotiated contract signed by the selected Offeror.

I-26. Debriefing Conferences. Upon notification of award, Offerors whose proposals were not selected will be given the opportunity to be debriefed. The Issuing Office will schedule the debriefing at a mutually agreeable time. The debriefing will not compare the Offeror with other Offerors, other than the position of the Offeror's proposal in relation to all other Offeror proposals. An Offeror's exercise of the opportunity to be debriefed does not constitute nor toll the time for filing a protest (See Section I-27 of this RFP).

I-27. RFP Protest Procedure. The RFP Protest Procedure is on the Department's website at the following link:

http://www.portal.state.pa.us/portal/server.pt/document/1362929/pid_protest_procedures_pdf. A protest by a party not submitting a proposal must be filed within **seven** days after the protesting party knew or should have known of the facts giving rise to the protest, but no later than the proposal submission deadline specified in the Calendar of Events of the RFP. Offerors may file a protest within **seven** days after the protesting Offeror knew or should have known of the facts giving rise to the protest, but in no event may an Offeror file a protest later than **seven** days after the date the notice of award of the contract is posted on the DGS website. The date of filing is the date of receipt of the protest. A protest must be filed in writing with the Issuing Office. To be timely, the protest must be received by 4:00 p.m. on the seventh day.

PART II

PROPOSAL REQUIREMENTS

Offerors must submit their proposals in the format, including heading descriptions, outlined below. To be considered, the proposal must respond to all requirements in this part of the RFP. Offerors should provide any other information thought to be relevant, but not applicable to the enumerated categories, as an appendix to the Proposal. All cost data relating to this proposal and all Small Diverse Business cost data should be kept separate from and not included in the Technical Submittal. Each Proposal shall consist of the following **three** separately sealed submittals:

- A. Technical Submittal, which shall be a response to RFP **Part II, Sections II-1 through II-8**;
- B. Small Diverse Business participation submittal, in response to RFP **Part II, Section II-9**; and
- C. Cost Submittal, in response to RFP **Part II, Section II-10**.

The Issuing Office reserves the right to request additional information which, in the Issuing Office's opinion, is necessary to assure that the Offeror's competence, number of qualified employees, business organization, and financial resources are adequate to perform according to the RFP.

The Issuing Office may make investigations as deemed necessary to determine the ability of the Offeror to perform the Project, and the Offeror shall furnish to the Issuing Office all requested information and data. The Issuing Office reserves the right to reject any proposal if the evidence submitted by, or investigation of, such Offeror fails to satisfy the Issuing Office that such Offeror is properly qualified to carry out the obligations of the RFP and to complete the Project as specified.

II-1. Statement of the Problem. State in succinct terms your understanding of the problem presented or the service required by this RFP.

II-2. Management Summary. Include a narrative description of the proposed effort and a list of the items to be delivered or services to be provided.

II-3. Work Plan. Describe in narrative form your technical plan for accomplishing the work. Use the task descriptions in **Part IV** of this RFP as your reference point. Modifications of the task descriptions are permitted; however, reasons for changes should be fully explained. Indicate the number of person hours allocated to each task. Include a Program Evaluation and Review Technique (PERT) or similar type display, time related, showing each event. If more than one approach is apparent, comment on why you chose this approach.

II-4. Prior Experience. Prior experience in investment consulting services must be demonstrated in the Experience, Personnel and Staffing Questionnaire included with this RFP as Attachment E. Experience shown should be work done by individuals who will be assigned to this Project as well as that of your company. Studies or projects referred to must be identified and the name of the customer shown, including the name, address, and telephone number of the responsible official of the customer, company, or agency who may be contacted.

II-5. Personnel. The number of executive and professional personnel who will be engaged in the work must be demonstrated in the Experience, Personnel and Staffing Questionnaire included with this RFP as Attachment E. Show where these personnel will be physically located during the time they are engaged in the Project. For key personnel (such as the Project Manager or any other primary contacts), include with the completed Questionnaire in Appendix E, the employee's name and, through a resume or similar document, the Project personnel's education and experience in investment consulting services. Indicate the responsibilities each key personnel will have in this Project and how long each has been with your company. Identify by name any subcontractors you intend to use and the services they will perform.

II-6. Objections and Additions to Standard Contract Terms and Conditions. The Commonwealth will not accept any additions or objections to its Standard Terms and Conditions (contained in **Appendix A**), and such Standard Terms and Conditions are not subject to negotiation in any manner .

All Offerors must submit proposals, including cost proposals, based upon the terms and conditions set out in **Appendix A**. The Issuing Office will reject any proposal that is conditioned on the negotiation of any of the terms and conditions set out in **Appendix A**.

II-7. Small Diverse Business Participation Submittal.

- A. To receive credit for being a Small Diverse Business or for subcontracting with a Small Diverse Business (including purchasing supplies and/or services through a purchase agreement), an Offeror must include proof of Small Diverse Business qualification in the Small Diverse Business participation submittal of the proposal, as indicated below:

A Small Diverse Business verified by BSBO as a Small Diverse Business must provide a photocopy of their verification letter.

- B. In addition to the above verification letter, the Offeror must include in the Small Diverse Business participation submittal of the proposal the following information:
1. **All** Offerors must include a numerical percentage which represents the total percentage of the work (as a percentage of the total cost in the Cost Submittal) to be performed by the Offeror and not by subcontractors and suppliers.
 2. **All** Offerors must include a numerical percentage which represents the total percentage of the total cost in the Cost Submittal that the Offeror commits to

paying to Small Diverse Businesses (SDBs) as subcontractors. To support its total percentage SDB subcontractor commitment, Offeror must also include:

- a) The percentage and dollar amount of each subcontract commitment to a Small Diverse Business;
 - b) The name of each Small Diverse Business. The Offeror will not receive credit for stating that after the contract is awarded it will find a Small Diverse Business.
 - c) The services or supplies each Small Diverse Business will provide, including the timeframe for providing the services or supplies.
 - d) The location where each Small Diverse Business will perform services.
 - e) The timeframe for each Small Diverse Business to provide or deliver the goods or services.
 - f) A subcontract or letter of intent signed by the Offeror and the Small Diverse Business (SDB) for each SDB identified in the SDB Submittal. The subcontract or letter of intent must identify the specific work, goods or services the SDB will perform, how the work, goods or services relates to the project, and the specific timeframe during the term of the contract and any option/renewal periods when the work, goods or services will be performed or provided. In addition, the subcontract or letter of intent must identify the fixed percentage commitment and associated estimated dollar value that each SDB will receive based on the total value of the initial term of the contract as provided in the Offeror's Cost Submittal. Attached is a letter of intent template which may be used to satisfy these requirements (See Appendix F).
 - g) The name, address and telephone number of the primary contact person for each Small Diverse Business.
3. The total percentages and each SDB subcontractor commitment will become contractual obligations once the contract is fully executed.
 4. The name and telephone number of the Offeror's project (contact) person for the Small Diverse Business information.
- C. The Offeror is required to submit **two** copies of its Small Diverse Business participation submittal. The submittal shall be clearly identified as Small Diverse Business information and sealed in its own envelope, separate from the remainder of the proposal.
- D. A Small Diverse Business can be included as a subcontractor with as many prime contractors as it chooses in separate proposals.
- E. An Offeror that qualifies as a Small Diverse Business and submits a proposal as a prime contractor is not prohibited from being included as a subcontractor in separate proposals submitted by other Offerors.

II-8. Cost Submittal. The information requested in this **Part II, Section II-8** shall constitute the Cost Submittal. The Cost Submittal shall be placed in a separate sealed envelope within the

sealed proposal, separated from the technical submittal. The total proposed cost shall be provided in the Cost Submittal spreadsheet provided in Appendix C and shall be broken down into the annual fees for USTIF and, separately, the annual fees for WCSF. The fixed price amount entered in the Cost Submittal must represent the total amount to be charged by the Offeror, inclusive of all costs and expenses. No amount other than the amounts shown on the Required Tasks Costs Worksheet will be paid to the selected Offeror for completing the services required by this RFP. Offerors should **not** include any assumptions in their cost submittals. If the Offeror includes assumptions in its cost submittal, the Issuing Office may reject the proposal. Offerors should direct in writing to the Issuing Office pursuant to **Part I, Section I-9**, of this RFP any questions about whether a cost or other component is included or applies. All Offerors will then have the benefit of the Issuing Office's written answer so that all proposals are submitted on the same basis.

The Issuing Office will reimburse the selected Offeror for work satisfactorily performed after execution of a written contract and the start of the contract term, in accordance with contract requirements, and only after the Issuing Office has issued a notice to proceed.

II-9. Domestic Workforce Utilization Certification. Complete and sign the Domestic Workforce Utilization Certification contained in **Appendix B** of this RFP. Offerors who seek consideration for this criterion must submit in hardcopy the signed Domestic Workforce Utilization Certification Form in the same sealed envelope with the Technical Submittal.

PART III

CRITERIA FOR SELECTION

III-1. Mandatory Responsiveness Requirements. To be eligible for selection, a proposal must be:

- A. Timely received from an Offeror;
- B. Properly signed by the Offeror.

III-2. Technical Nonconforming Proposals. The two (2) Mandatory Responsiveness Requirements set forth in **Section III-1** above (A-B) are the only RFP requirements that the Commonwealth will consider to be *non-waivable*. The Issuing Office reserves the right, in its sole discretion, to (1) waive any other technical or immaterial nonconformities in an Offeror's proposal, (2) allow the Offeror to cure the nonconformity, or (3) consider the nonconformity in the scoring of the Offeror's proposal.

III-3. Evaluation. The Issuing Office has selected a committee of qualified personnel to review and evaluate timely submitted proposals. Independent of the committee, BSBO will evaluate the Small Diverse Business participation submittal and provide the Issuing Office with a rating for this component of each proposal. The Issuing Office will notify in writing of its selection for negotiation the responsible Offeror whose proposal is determined to be the most advantageous to the Commonwealth as determined by the Issuing Office after taking into consideration all of the evaluation factors.

III-4. Evaluation Criteria. The following criteria will be used in evaluating each proposal:

- A. **Technical:** The Issuing Office has established the weight for the Technical criterion for this RFP as **50** % of the total points. Evaluation will be based upon the following in order of importance: . Evaluation will be based upon the following in order of importance:
 - Work Plan
 - Personnel
 - Prior Experience
 - Financial Capability
 - Statement of the Problem
 - Management Summary
- B. The final Technical scores are determined by giving the maximum number of technical points available to the proposal with the highest raw technical score. The remaining proposals are rated by applying the Technical Scoring Formula set forth at the following webpage:
http://www.portal.state.pa.us/portal/server.pt/community/rfp_scoring_formulas_overview/20124.

C. **Cost:** The Issuing Office has established the weight for the Cost criterion for this RFP as **30%** of the total points. The cost criterion is rated by giving the proposal with the lowest total cost the maximum number of Cost points available. The remaining proposals are rated by applying the Cost Formula set forth at the following webpage: http://www.portal.state.pa.us/portal/server.pt/community/rfp_scoring_formulas_overview/20124

D. Small Diverse Business Participation:

BSBO has established the weight for the Small Diverse Business (SDB) participation criterion for this RFP as 20 % of the total points. Each SDB participation submittal will be rated for its approach to enhancing the utilization of SDBs in accordance with the below-listed priority ranking and subject to the following requirements:

1. A business submitting a proposal as a prime contractor must perform 60% of the total contract value to receive points for this criterion under any priority ranking.
2. To receive credit for an SDB subcontracting commitment, the SDB subcontractor must perform at least fifty percent (50%) of the work subcontracted to it.
3. A significant subcontracting commitment is a minimum of five percent (5%) of the total contract value.
4. A subcontracting commitment less than five percent (5%) of the total contract value is considered nominal and will receive reduced or no additional SDB points depending on the priority ranking.

Priority Rank 1: Proposals submitted by SDBs as prime offerors will receive 150 points. In addition, SDB prime offerors that have significant subcontracting commitments to additional SDBs may receive up to an additional 50 points (200 points total available).

Subcontracting commitments to additional SDBs are evaluated based on the proposal offering the highest total percentage SDB subcontracting commitment. All other Offerors will be scored in proportion to the highest total percentage SDB subcontracting commitment within this ranking. *See formula below.*

Priority Rank 2: Proposals submitted by SDBs as prime contractors, with no or nominal subcontracting commitments to additional SDBs, will receive 150 points.

Priority Rank 3: Proposals submitted by non-small diverse businesses as prime contractors, with significant subcontracting commitments to SDBs, will receive up to 100 points. Proposals submitted with nominal subcontracting commitments to SDBs will receive points equal to the percentage level of their total SDB subcontracting commitment.

SDB subcontracting commitments are evaluated based on the proposal offering the highest total percentage SDB subcontracting commitment. All other Offerors will be scored in proportion to the highest total percentage SDB subcontracting commitment within this ranking. *See formula below.*

Priority Rank 4: Proposals by non-small diverse businesses as prime contractors with no SDB subcontracting commitments shall receive no points under this criterion.

To the extent that there are multiple SDB Participation submittals in Priority Rank 1 and/or Priority Rank 3 that offer significant subcontracting commitments to SDBs, the proposal offering the highest total percentage SDB subcontracting commitment shall receive the highest score (or additional points) available in that Priority Rank category and the other proposal(s) in that category shall be scored in proportion to the highest total percentage SDB subcontracting commitment. Proportional scoring is determined by applying the following formula:

$$\frac{\text{SDB \% Being Scored}}{\text{Highest \% SDB Commitment}} \times \frac{\text{Points/Additional}}{\text{Points Available}^*} = \frac{\text{Awarded/Additional}}{\text{SDB Points}}$$

Priority Rank 1 = 50 Additional Points Available

Priority Rank 3 = 100 Total Points Available

Please refer to the following webpage for an illustrative chart which shows SDB scoring based on a hypothetical situation in which the Commonwealth receives proposals for each Priority Rank:

http://www.portal.state.pa.us/portal/server.pt/community/rfp_scoring_formulas_overview/20124

- E. **Domestic Workforce Utilization:** Any points received for the Domestic Workforce Utilization criterion are bonus points in addition to the total points for this RFP. The maximum amount of bonus points available for this criterion is 3% of the total points for this RFP.

To the extent permitted by the laws and treaties of the United States, each proposal will be scored for its commitment to use domestic workforce in the fulfillment of the contract. Maximum consideration will be given to those Offerors who will perform the contracted direct labor exclusively within the geographical boundaries of the United States or within the geographical boundaries of a country that is a party to the World Trade Organization Government Procurement Agreement. Those who propose to perform a portion of the direct labor outside of the United States and not within the geographical boundaries of a party to the World Trade Organization Government Procurement Agreement will receive a correspondingly smaller score for this criterion. See the following webpage for the Domestic Workforce Utilization Formula:

http://www.portal.state.pa.us/portal/server.pt/community/rfp_scoring_formulas_overview/20124. Offerors who seek consideration for this criterion must submit in hardcopy the

signed Domestic Workforce Utilization Certification Form in the same sealed envelope with the Technical Submittal. The certification will be included as a contractual obligation when the contract is executed.

III-5. Offeror Responsibility. To be responsible, an Offeror must submit a responsive proposal and possess the capability to fully perform the contract requirements in all respects and the integrity and reliability to assure good faith performance of the contract.

- A. In order for an Offeror to be considered responsible for this RFP and therefore eligible for selection for best and final offers or selection for contract negotiations, the total score for the technical submittal of the Offeror's proposal must be greater than or equal to **70%** of the **available technical points**

Further, the Issuing Office will award a contract only to an Offeror determined to be responsible in accordance with the most current version of Commonwealth Management Directive 215.9, Contractor Responsibility Program.

III-6. Final Ranking and Award.

- A. After any best and final offer process conducted, the Issuing Office will combine the evaluation committee's final technical scores, BSBO's final small diverse business participation scores, the final cost scores, and (when applicable) the domestic workforce utilization scores, in accordance with the relative weights assigned to these areas as set forth in this Part.
- B. The Issuing Office will rank responsible offerors according to the total overall score assigned to each, in descending order.
- C. The Issuing Office must select for contract negotiations the offeror with the highest overall score; PROVIDED, HOWEVER, THAT AN AWARD WILL NOT BE MADE TO AN OFFEROR WHOSE PROPOSAL RECEIVED THE LOWEST TECHNICAL SCORE AND HAD THE LOWEST COST SCORE OF THE RESPONSIVE PROPOSALS RECEIVED FROM RESPONSIBLE OFFERORS. IN THE EVENT SUCH A PROPOSAL ACHIEVES THE HIGHEST OVERALL SCORE, IT SHALL BE ELIMINATED FROM CONSIDERATION AND AWARD SHALL BE MADE TO THE OFFEROR WITH THE NEXT HIGHEST OVERALL SCORE.
- D. The Issuing Office has the discretion to reject all proposals or cancel the request for proposals, at any time prior to the time a contract is fully executed, when it is in the best interests of the Commonwealth. The reasons for the rejection or cancellation shall be made part of the contract file.

PART IV
WORK STATEMENT

IV-1. Objectives. The Bureau of Special Funds manages three separate funds, two of which are the Underground Storage Tank Indemnification Fund (“USTIF”) and the Workers’ Compensation Security Fund (“WCSF”) (collectively the “Special Funds”). An investment committee, comprised of individuals from the PA Insurance Department and the PA Treasury, is the governing board established to administer the investment assets of USTIF and WCSF (the “Investment Committee”). The objective of this RFP is to secure investment consultant services to be provided to the Investment Committee.

IV-2. Background.

USTIF

USTIF was created in 1989 and began operation in February 1994 to help underground storage tank owners and operators comply with the financial responsibility requirement as established by the Federal Environmental Protection Agency, in the event the tank owners and operators experience a release from an eligible underground storage tank (UST).

The USTIF is funded by the payment of capacity and throughput fees on regulated substances by tank owners and operators. The law requires that the fees be set on an actuarial basis and are reviewed annually. Currently, the fees are set at \$0.011 per gallon for throughput (generally gasoline) and \$0.0825 per gallon for capacity (generally diesel).

For the twelve month fiscal year ending June 30, 2013, total receipts were \$78.4 million including \$4.0 million of interest and dividend income and \$6.4 million net increase in fair value of investments; total disbursements were \$53.7 million. Total assets as of June 30, 2013 were \$245.4 million, of which about \$162 million are non-receivables and available for investment. As of that time, USTIF had 5 investment managers (2 equity and 3 fixed income) and utilized two passive index funds.

WCSF

The WCSF was created July 1, 1937 to provide for the payment of valid claims for workers’ compensation to individuals whose employers were insured by a liquidated insurance company. As a guaranty fund, the WCSF stands in place of a liquidated insurance company to pay Pennsylvania workers’ compensation benefits to eligible claimants. The passage of Senate Bill 1143 on April 13, 1988, extended the Act to cover certain insurers under the Longshore and Harbor Workers’ Compensation Act. The WCSF has grown from 6 claimants in 1984 to over 4,400 claimants in 2002, to 2,118 open claims as of June 30, 2007 and about 1,300 open claims as of June 2013.

The WCSF revenue is derived from three sources: 1) an assessment to insurance companies on their workers’ compensation premiums, 2) distributions received from the estates of liquidated

insurance companies, and 3) investment income.

Should the WCSF fund balance fall below \$500 million as of December 31st of any year, a regulatory requirement for an actuarial study is triggered, in which case the study is performed to develop assessment criteria.

The most recent available financial statements for the WCSF are as of June 30, 2013, when total assets were \$720.8 million, of which about \$719 million was available for investment. At that time, the WCSF had 10 investment managers (3 equity and 7 fixed income) plus three passive index funds. Annual receipts and revenues for the WCSF are not predictable and can vary from year to year. For the twelve months ending June 30, 2013, total receipts were \$70.6 million, including interest and dividend income of \$21.3 million and increase in fair value of investments of \$25.3 million. Expenditures have been more constant, averaging about \$30 million annually.

IV-3. Nature and Scope of the Project. The selected Offeror will analyze and evaluate the Special Funds' current investment portfolio initially and on a continuing basis, evaluate and recommend investment managers to the Investment Committee as needed, develop and monitor investment strategies in conjunction with the Investment Committee, manage the investment managers, including dismissal when appropriate and prepare monthly and quarterly reports for the Investment Committee. These reports should include but not be limited to performance reporting, both absolute and comparative, asset allocation, compliance reporting and material changes in the organization or operation of an investment manager which could affect performance.

IV-4. Requirements. The selected Offeror will provide the Investment Committee with investment advisory services specifically regarding investment policy, asset allocation, recommendations for investment managers, investment manager monitoring and performance, and strategic investment planning.

- A. The selected Offeror must operate in accordance with applicable State and Federal laws dealing with the Special Funds' financial responsibilities, conflicts of interest, ethics issues and other functions deemed appropriate.
- B. The selected Offeror will covenant that it will have no interest and shall not acquire any interest, direct or indirect, which would conflict in any material manner or degree with the performance of its services.

C. Emergency Preparedness

To support continuity of operations during an emergency, including a pandemic, the Commonwealth needs a strategy for maintaining operations for an extended period of time. One part of this strategy is to ensure that essential contracts that provide critical business services to the Commonwealth have planned for such an emergency and put contingencies in place to provide needed goods and services.

1. Describe how you anticipate various crises would impact your operations.
2. Describe your emergency response continuity of operations plan. Please attach a copy of your plan, or at a minimum, summarize how your plan addresses the following aspects of pandemic preparedness:
 - a) employee training (describe your organization's training plan, and how frequently your plan will be shared with employees)
 - b) identified essential business functions and key employees (within your organization) necessary to carry them out
 - c) contingency plans for:
 - i.) How your organization will handle staffing issues when a portion of key employees are incapacitated due to illness.
 - ii.) How employees in your organization will carry out the essential functions if contagion control measures prevent them from coming to the primary workplace.
 - d) How your organization will communicate with staff and suppliers when primary communications systems are overloaded or otherwise fail, including key contacts, chain of communications (including suppliers), etc.
 - e) How and when your emergency plan will be tested, and if the plan will be tested by a third-party.

VI-5. Tasks. The selected Offeror will recommend, monitor and manage the investment managers, analyze the Special Funds' investment portfolio and recommend strategies to meet the Special Funds' investment yield expectations, and provide reports on the results to the Investment Committee by required due dates. The selected Offeror will: (all functions in Sections IV-5 are to be done in conjunction with and with the approval of the Investment Committee)

A. Develop / maintain an investment plan including policies and objectives.

1. Develop / maintain an investment strategy for the Special Funds' assets within the investment restrictions of the Banking Code and the Fiscal Code.

2. Review the liabilities WCSF as provided by its actuaries and complete an invested asset/liability study. The study should fully integrate invested asset and liability projections.

3. Review and make recommendations regarding desirable investment objectives, policies and asset allocation.

4. Recommend performance benchmarks for the Special Funds, asset classes and individual portfolios. Recommend individual portfolio investment guidelines. The plans, including the cash flow analyses, policies and objectives, must be in accordance with any applicable State and Federal laws.

B. Evaluate investment manager performance

1. Develop / maintain performance benchmarks for each investment manager. Performance

measurement must be described in detail. Other performance measures will be determined in consultation with the selected Offeror as needed.

2. The Investment Committee currently utilizes various indices to evaluate its investment managers. The Investment Committee currently utilizes Standard & Poors 500, Russell 1000 Growth, Russell 1000 Value, Russell Mid Cap Value, Russell 2500 Growth, Barclay Bond/Government Credit, Barclay Long Government, Barclay Mortgage, Barclay Aggregate, Barclay US Tips, 91-Day Treasury Bill, ML High Yield Bond and specialty liability indices. The selected Offeror shall recommend which indices should be used to determine each investment manager's performance.

3. Review investment manager compliance with statutory and investment policy requirements and investment objectives and guidelines.

4. Based on performance, recommend as necessary the replacement of investment managers.

5. Prepare monthly and quarterly written reports which shall include, but not be limited to, the calculated total return for each asset class and comparison of the Special Funds' calculated investment data with investment manager assigned benchmarks. The reports must also include historical return analysis and risk/return analysis. Monthly reports must be prepared and provided within two (2) weeks from the end of the month.

6. Prepare a quarterly report containing an analysis of the relationship of insurance financial (liquidity, reserves, surplus) data and investment strategies. Present and discuss the quarterly report at the quarterly meeting of the Investment Committee.

7. Monitor all investments and cash flows to insure that all assets are managed and accounted for properly.

8. Ensure that investment managers are properly utilizing the Treasury's commission recapture program. Treasury currently has a program that allows the Special Funds to recapture a portion of the commission that is earned on trades. This program is currently part of a contract Treasury maintains with SEI Brokerage Services (SEI Investments Distribution Co.).

9. Meet with investment managers to discuss performance issues when appropriate.

C. Evaluate prospective investment managers

1. Facilitate the selection and hiring of new investment managers.

2. Review and approve new managers, recommend specific strategies and styles to assist the Special Funds in achieving their investment performance goals. An explanation of criteria used to evaluate prospective investment managers must be provided.

D. Other Tasks

1. Meet with the Investment Committee during regularly scheduled quarterly meeting in Harrisburg, PA.

2. Meet with the Investment Committee on an ad hoc basis in Harrisburg, PA as needed, but not expected to be more often than 3 times per year.

3. Provide research reports on asset allocation, investment issues, and describe and evaluate new types of investments and alternative approaches.

4. Provide information on market conditions and explain their impact on the Special Funds' investments.

5. Designate a Project Manager who is responsible and accountable for the selected Offeror's overall operations and for the direct supervision of the Offeror's professional staff involved with investment consulting and performance evaluation.

6. Preserve all financial and accounting records pertaining to this contract period and any renewals thereof for a six (6) year period from the expiration or termination of the contract.

7. All information, files and records provided to the selected Offeror by the Commonwealth and from the selected Offeror to the Commonwealth will be the property of the Commonwealth of Pennsylvania.

8. Assist with proxy voting, as needed.

9. Assist with the liquidation of assets in order to satisfy cash flow requirements.

10. Assist with the collection of periodic income distributions.

11. Upon expiration or termination of the contract, the selected Offeror will take all commercially reasonable steps necessary at no additional charge to assist with the transition to any new contractor.

12. Maintain a fidelity bond to cover the selected Offeror, its officers and employees in the amount of \$5 million.

13. Provide financial information to the Special Funds as requested for the Special Funds to complete management reports and investment surveys.

14. Carry out other assignments that may be specified by the Investment Committee or the Special Funds.

IV-5. Contract Requirements—Small Diverse Business Participation.

All contracts containing Small Diverse Business participation must also include a provision requiring the selected contractor to meet and maintain those commitments made to Small Diverse Businesses at the time of proposal submittal or contract negotiation, unless a change in the commitment is approved by the BSBO. All contracts containing Small Diverse Business participation must include a provision requiring Small Diverse Business subcontractors to perform at least **50%** of the subcontracted work.

The selected contractor's commitments to Small Diverse Businesses made at the time of proposal submittal or contract negotiation shall, to the extent so provided in the commitment, be maintained throughout the term of the contract and through any renewal or extension of the contract. Any proposed change must be submitted to BSBO, which will make a recommendation to the Contracting Officer regarding a course of action.

If a contract is assigned to another contractor, the new contractor must maintain the Small Diverse Business participation of the original contract.

The selected contractor shall complete the Prime Contractor's Quarterly Utilization Report (or similar type document containing the same information) and submit it to the contracting officer of the Issuing Office and BSBO within **10** workdays at the end of each quarter the contract is in force. This information will be used to determine the actual dollar amount paid to Small Diverse Business subcontractors and suppliers. Also, this information will serve as a record of fulfillment of the commitment the selected contractor made and for which it received Small Diverse Business participation points. If there was no activity during the quarter then the form must be completed by stating "No activity in this quarter."

NOTE: EQUAL EMPLOYMENT OPPORTUNITY AND CONTRACT COMPLIANCE STATEMENTS REFERRING TO COMPANY EQUAL EMPLOYMENT OPPORTUNITY POLICIES OR PAST CONTRACT COMPLIANCE PRACTICES DO NOT CONSTITUTE PROOF OF SMALL DIVERSE BUSINESS STATUS OR ENTITLE AN OFFEROR TO RECEIVE CREDIT FOR SMALL DIVERSE BUSINESS UTILIZATION.

APPENDIX A
Commonwealth Standard Terms and
Conditions

APPENDIX B
Domestic Workforce Utilization
Certification

APPENDIX C
Cost Submittal Spreadsheet and
Instructions

APPENDIX D
Proposal Cover Sheet

APPENDIX E
Experience, Personnel and Staffing
Questionnaire

APPENDIX F
Small Diverse Business
Letter of Intent