

**REQUEST FOR PROPOSALS**  
**FOR**  
**ACTUARIAL AUDIT SERVICES**  
**RFP # 2012-03**

**STATE OF NEW MEXICO**  
**EDUCATIONAL RETIREMENT BOARD**

**March 9, 2012**

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## I. INTRODUCTION

### A. PURPOSE OF THIS REQUEST FOR PROPOSALS

The New Mexico Educational Retirement Board (“ERB” or the “Agency”) is requesting proposals from qualified actuarial consulting firms to provide an independent actuarial audit and evaluation of the June 30, 2011 actuarial valuation of the Agency. This report may be found at <http://www.nmerb.org/pdfs/2011actuarial.pdf>.

### B. SUMMARY SCOPE OF WORK

The scope of work shall consist of a comprehensive audit of the Actuarial Valuation as of June 30, 2011, performed by the Agency consulting actuary, Gabriel, Roeder, Smith & Company (GRS).

### C. SCOPE OF PROCUREMENT

The scope of this procurement shall encompass Appendix B – Sample Professional Services Contract and the defined Scope of Work detailed in Attachment 1 to Appendix B. The contract is scheduled to begin on approximately June 1, 2012, or upon receiving all required state approvals, whichever is later, for a term of one (1) year. The contract is subject to New Mexico Department of Finance & Administration Approval.

### D. PROCUREMENT COORDINATOR

ERB has designated a Procurement Coordinator who is responsible for the conduct of this procurement whose name, address, telephone number and facsimile are listed below.

Debbi Lucero, Procurement Coordinator  
New Mexico Educational Retirement Board  
Street: 701 Camino de los Marquez, Santa Fe, New Mexico 87505  
Mail: Post Office Box 26129, Santa Fe, New Mexico 87502  
Phone: (505) 827-8030  
Fax: (505) 827-1855  
Debbi.Lucero@state.nm.us

All deliveries via mail should be addressed to the Post Office Box set forth above. Deliveries by courier or express carrier (including proposal delivery) should be addressed as follows:

Debbi Lucero, Procurement Coordinator  
New Mexico Educational Retirement Board  
701 Camino de los Marquez  
Santa Fe, New Mexico 87505

Any inquiries or requests regarding this procurement should be submitted to the Procurement Coordinator in writing. Offerors may contact ONLY the Procurement Coordinator regarding the procurement. Other state employees do not have the authority to respond on behalf of ERB. Potential Offerors and Offerors may not contact or communicate with ERB board members or members of the Evaluation Committee regarding RFP # 2012-03 during the procurement process. Communications with ERB board members or members of the Evaluation Committee regarding other unrelated matters is not prohibited.

E. DEFINITION OF TERMINOLOGY

This section contains definitions and abbreviations that are used throughout this procurement document. Definitions contained in the Procurement Code, §§13-1-28 through 13-1-199 NMSA 1978 also apply to this procurement.

“Act” means the Educational Retirement Act, §22-11-1 *et seq.* NMSA 1978, as amended.

“Acknowledgement of Receipt Form” means the Form included in this RFP at Appendix A in which Potential Offerors will confirm receipt of a complete copy of the RFP and whether or not they intend to respond to the RFP.

“Board” or “ERB” means the Educational Retirement Board.

“Close of Business” means 5:00 PM Mountain Standard or Mountain Daylight Time, whichever is in effect on the date given.

“Contract” means a written agreement for the procurement of items of tangible personal property or services.

“Contractor” means a successful Offeror who enters into a binding contract.

“Determination” means the written documentation of a decision by the Procurement Coordinator including findings of fact supporting a decision. A determination becomes part of the procurement file.

“Desirable”, along with the terms “may”, “can”, “should”, “preferably”, or “prefers”, identifies a sought-after or discretionary item or factor (as opposed to a “mandatory” item or factor).

“DFA” means the Department of Finance and Administration for the State of New Mexico.

“Evaluation Committee” means a body appointed by ERB management to perform the evaluation of Offeror proposals.

“Executive Director” means the Executive Director of ERB.

“Finalist” is defined as an Offeror who meets all the mandatory specifications of this Request for Proposals and whose score on evaluation factors is sufficiently high to merit further consideration by the Evaluation Committee.

“Fund” is the Educational Retirement Fund which is the source of funding for ERB’s tax-qualified defined benefit retirement plan. Contributions from employers and employees are made toward a pool of funds set aside for the employee’s future benefit. This pool of funds is then invested on the employees’ behalf, allowing the employees to receive benefits upon retirement.

“Letter of Transmittal” refers to the letter that each Offeror must submit with their Response to the RFP. The Letter of Transmittal shall comply with the requirements of Section III B. 2, Letter of Transmittal.

“Mandatory” refers to the terms “must”, “shall”, “will”, “is required”, or “are required”, and identifies a mandatory item or factor (as opposed to a “desirable” item or factor).

“Offeror” is any person, corporation, or partnership who chooses to submit a proposal.

“Procurement Code” means the New Mexico Procurement Code, §13-1-28 through 13-1-199 NMSA 1978.

“Procurement Distribution List” refers to those Potential Offerors who return a signed Acknowledgment of Receipt Form indicating an intent to respond to the RFP. Potential Offerors will be placed on a Procurement Distribution List and will receive a copy of written responses to questions and any RFP amendments.

“Procurement Coordinator” means the person or designee authorized by ERB to manage or administer a procurement requiring the evaluation of competitive sealed proposals.

“Request for Proposals” or “RFP” means an invitation or announcement for bids used to initiate a competitive sealed bid procurement. The invitation includes but is not limited to the following: (1) the specifications for the services to be procured; (2) instructions and information to bidders; (3) evaluation criteria that will be used to determine acceptability such as inspection testing and quality, workmanship, delivery and suitability for a particular purpose. The RFP shall include all documents, including those attached or incorporated by reference, used for soliciting proposals.

“Responsible Offeror” means an Offeror who submits a responsive proposal and who has furnished, when required, information and data to prove that its financial resources, production or service facilities, personnel, service reputation and experience are adequate to make satisfactory delivery of the services or items of tangible personal property described in the proposal.

“Responsive Offer” or “Responsive Proposal” means an offer or proposal which conforms in all material respects to the requirements set forth in the request for proposals. Material

aspects of a request for proposals include, but are not limited to, price, quality, quantity or delivery requirements.

“State” means the State of New Mexico.

F. **ERB MISSION AND ORGANIZATION.**

ERB Mission

ERB is a statutory entity that provides retirement benefits for its active and retired members from school districts, higher education and educational agencies.

ERB strives to make its members' retirement experience optimal by:

- Prudently managing the financial assets of the Fund;
- Providing prompt, courteous and accurate responses to members' inquiries;
- Counseling members on an individual basis related to retirement issues;
- Educating members about both the financial and personal aspects of retirement; and
- Soliciting member input for improving services.

ERB is consistently building the skills, capacities and competencies of its employees in order to provide its members caring and quality service.

Organization of the ERB

Executive Authority is vested in the Educational Retirement Board which is composed of seven members. The Board stands in a fiduciary relationship to the members covered under the Act. Administrative management of the Fund is vested in an Executive Director who is appointed by the Board. Board meetings are open to the public.

**II. CONDITIONS GOVERNING THE PROCUREMENT**

This section of the RFP contains the schedule for the procurement, describes the major procurement events and the conditions governing the procurement.

A. SEQUENCE OF EVENTS

The Procurement Coordinator will make every effort to adhere the following schedule; however, there is no guarantee that this schedule will be followed.

	<u>Action</u>	<u>Responsibility</u>	<u>Date</u>
1.	Issuance of RFP	ERB	3/9/12

2.	Distribution List Response	Potential Offeror	3/30/12
3.	Deadline to Submit Questions	Potential Offeror	4/3/12
4.	Response to Written Questions/RFP Amendments	ERB	4/9/12
5.	Submission of Proposal	Offeror	4/13/12
6.	Proposal Evaluation	Evaluation Committee	4/16/12-4/20/12
7.	Selection of Finalists	Evaluation Committee	4/23/12
8.	Best and Final Offers from Finalists	Offeror	4/25/12
9.	Oral Presentation by Finalists	Offeror	5/1/12 -5/3/12
10.	Contractor Selection	ERB	5/14/12
11.	Finalize Contract	ERB	5/25/12
12.	Recommendation to ERB Board (Contract Award)	Offeror	6/15/12
13.	Protest Deadline	Offeror	7/2/12
14.	Initiate Services	Contractor	7/3/12

**B. EXPLANATION OF EVENTS**

The following paragraphs describe the activities listed in the sequence of events shown in Section II, Paragraph A.

1. Issuance of RFP

This RFP is being issued by ERB on March 9, 2012.

2. Distribution List Response Due

Potential Offerors should hand deliver or return by facsimile or by registered or certified mail the “Acknowledgement of Receipt of Request for Proposals Form” attached hereto as Appendix A in order to be placed on the Procurement Distribution List. The form should be signed by an authorized representative of the Offeror, dated and returned by close of business on March 30, 2012.

The Procurement Distribution List will be used for the distribution of written responses to

questions and any RFP amendments. An e-mail address is mandatory for the receipt of written responses to questions and RFP amendments. Failure to return the Acknowledgment of Receipt of Request for Proposals Form, or to provide complete contact information, including an e-mail address, shall mean that the potential Offeror's name will not appear on the Procurement Distribution List.

3. Deadline to Submit Written Questions

Potential Offerors may submit additional written questions as to the intent or clarity of this RFP until close of business on April 3, 2012. All written questions must be submitted via e-mail to the Procurement Coordinator (See Section I, Paragraph D).

4. Response to Written Questions/RFP Amendments

Written responses to written questions and any RFP amendments will be distributed no later than April 9, 2012 via e-mail to all potential Offerors whose names appear on the Procurement Distribution List. An Acknowledgement of Receipt Form will accompany the Response to Written Questions/RFP Amendments distribution package. The form should be signed by the Offeror's representative, dated, and hand-delivered or returned by facsimile or by registered or certified mail by the date indicated thereon. Failure to return this form shall constitute a presumption of receipt and withdrawal from the procurement process. Thereafter, the Offeror's name shall be deleted from the Procurement Distribution List.

5. Submission of Proposal

**ALL OFFEROR PROPOSALS MUST BE RECEIVED FOR REVIEW AND EVALUATION BY THE PROCUREMENT COORDINATOR OR DESIGNEE NO LATER THAN 4:00 PM MOUNTAIN STANDARD TIME ON April 13, 2012. Proposals received after this deadline will not be accepted.** The date and time of receipt will be recorded on each proposal. Proposals must be addressed and delivered to the Procurement Coordinator at the address listed in Section I, Paragraph D, which is as follows:

Debbi Lucero, Procurement Coordinator  
Street: 701 Camino de los Marquez, Santa Fe, New Mexico 87505  
Mail: Post Office Box 26129, Santa Fe, New Mexico 87502  
Phone: (505) 827-8030  
Fax: (505) 827-1855  
Debbi.Lucero@state.nm.us

All deliveries via mail should be addressed to the Post Office Box set forth above. Deliveries by courier or express carrier (including proposal delivery) should be addressed as follows:

Debbi Lucero, Procurement Coordinator  
New Mexico Educational Retirement Board  
701 Camino de los Marquez

Santa Fe, New Mexico 87505

Proposals must be sealed and labeled on the outside of the package to clearly indicate that they are submitted in response to the ACTUARIAL AUDIT SERVICES REQUEST FOR PROPOSALS, RFP # 2012-03. Proposals submitted by facsimile will not be accepted.

A public log will be kept of the names of all Offeror organizations that submit proposals. Pursuant to § 13-1-116 NMSA 1978, the contents of any proposal shall not be disclosed to competing Offerors prior to contract award.

6. Proposal Evaluation

The evaluation of proposals will be performed by an Evaluation Committee appointed by ERB management. This process will take place between April 16, 2012 and April 20, 2012. During this time, the Procurement Coordinator may initiate discussions with Offerors who submit responsive or potentially responsive proposals for the purpose of clarifying aspects of the proposals, but proposals may be accepted and evaluated without such discussion. Discussions SHALL NOT be initiated by the Offerors.

7. Selection of Finalists

Only Finalists will be invited to participate in the subsequent steps of the procurement. The schedule for the oral presentations, if any, will be determined during the evaluation process.

8. Best and Final Offers from Finalists

Finalists may be asked to submit revisions to their proposals for the purpose of obtaining best and final offers by April 25, 2012. Best and final offers may be clarified and amended at the Finalist's oral presentation.

9. Oral Presentation by Finalists

At the discretion of the Evaluation Committee, Finalists may be required to present their proposals to the Evaluation Committee. The Procurement Coordinator will schedule the time for each Finalist Offeror presentation. All Finalist presentations will be held at a location to be determined in either Albuquerque, New Mexico or Santa Fe, New Mexico. Each presentation will be limited to two (2) hours in duration.

10. Finalize Contract

The Contract will be finalized with the most advantageous Offeror by May 25, 2012. In the event that mutually agreeable terms cannot be reached within the time specified, ERB reserves the right to finalize a contract or contracts with the next most advantageous Offeror without undertaking a new procurement process.

11. Contract Award

After contract negotiations, the Evaluation Committee shall make a recommendation to the Board on June 15, 2012 of the Offeror whose proposal is most advantageous to ERB, taking into consideration the evaluation factors set forth in the RFP. The most advantageous proposals may or may not have received the most points.

12. Protest Deadline

Any protest by an Offeror must be timely and in conformance with Section 13-1-172 NMSA 1978 and applicable procurement regulations. The fifteen (15) calendar day protest period for responsive Offerors shall begin on the day following the contract award. Protests must be written and must include the name and address of the protestor and the request for proposals number. A protest must also contain a statement of grounds for protest including appropriate supporting exhibits, and it must specify the ruling requested from the Procurement Coordinator. The protest must be delivered to the Procurement Coordinator. Protests received after the deadline will not be accepted.

C. GENERAL REQUIREMENTS

This procurement will be conducted in accordance with state procurement regulations, §§1.4.1.1 through 1.4.1.93 NMAC, a copy of which may be obtained from the following web site address: <http://www.generalservices.state.nm.us/spd/>

1. Acceptance of Conditions Governing the Procurement

Offerors must indicate in the Letter of Transmittal their acceptance of the Conditions Governing the Procurement stated in Section II. Submission of a proposal constitutes acceptance of the Evaluation Factors contained in Section V of this RFP.

2. Incurring Cost

Any cost incurred by the Offeror in preparation, transmittal, or presentation of any proposal or material submitted in response to this RFP shall be borne solely by the Offeror.

3. Prime Contractor Responsibility

Any contract that may result from this RFP shall specify that the prime Contractor is solely responsible for fulfillment of the contract with ERB. The prime Contractor is defined as the person holding the contract, i.e. the general contractor.

4. Subcontractors

Use of subcontractors must be clearly explained in the proposal, and major subcontractors must be identified by name. The prime Contractor shall be wholly responsible for the entire

performance whether or not subcontractors are used.

5. Amended Proposals

An Offeror may submit an amended proposal before the deadline for receipt of proposals. Such amended proposals must be complete replacements for a previously submitted proposal and must be clearly identified as such in the Letter of Transmittal. ERB personnel will not merge, collate, or assemble proposal materials.

6. Offerors' Rights to Withdraw Proposal

Offerors will be allowed to withdraw their proposals at any time prior to the deadline for receipt of proposals. The Offeror must submit a written withdrawal request signed by the Offeror's duly authorized representative addressed to the Procurement Coordinator.

The approval or denial of withdrawal requests received after the deadline for receipt of the proposals is governed by the applicable procurement regulations.

7. Proposal Offer Firm

Responses to this RFP, including proposal prices, will be considered firm, and not open to revocation, for one hundred and twenty (120) days after the due date for receipt of proposals or ninety (90) days after due date for the receipt of a best and final offer if one is solicited.

8. Disclosure of Proposal Contents

The proposals will be kept confidential until a contract is awarded. At that time, all proposals and documents pertaining to the proposals will be open to the public, except for material that is exempted from disclosure pursuant to the Inspection of Public Records Act, §14-2-1, *et seq.* NMSA 1978 ("IPRA"). The Procurement Coordinator will not disclose or make public any pages of a proposal on which the Offeror has stamped or imprinted "proprietary" or "confidential" subject to the following requirements:

- a) Material that the Offeror believes is exempted from disclosure pursuant to IPRA should be submitted in a separate folder, with the both the folder and all material within it marked "Confidential" and be readily separable from the proposal in order to facilitate eventual public inspection of the non-confidential portion of the proposal. The price of products offered or the cost of services proposed shall not be designated as proprietary or confidential information.
- b) If a request is received for disclosure of material which an Offeror has marked proprietary or confidential, ERB shall examine the material and make a written determination that specifies which portions of the material, if any, are exempt from disclosure pursuant to IPRA. If a determination is made by ERB that the information does not fall within the disclosure exemptions

under IPRA, ERB will notify Offeror of such determination five (5) days prior to disclosure so that Offeror may have an opportunity to respond. Unless the Offeror takes action to prevent the disclosure, all material determined by ERB as required to be released under IPRA will be so disclosed.

9. No Obligation

This procurement in no manner obligates the State of New Mexico or any of its agencies to the use of any proposed professional services unless or until a valid written contract is awarded and approved by the appropriate authorities.

10. Termination

This RFP may be canceled at any time and any and all proposals may be rejected in whole or in part if ERB determines such action to be in the best interest of ERB.

11. Legal Review

ERB requires that all Offerors agree to be bound by the General Requirements contained in this RFP. **For this reason, ERB recommends that Offerors have the terms and conditions contained herein reviewed by counsel.** Any Offeror concerns must be promptly brought to the attention of the Procurement Coordinator.

12. Governing Law

This procurement and any agreement with an Offeror that may result shall be governed by the laws of the State of New Mexico.

13. Basis for Proposal

Only information supplied by ERB in writing through the Procurement Coordinator or in this RFP should be used as the basis for the preparation of Offeror proposals.

14. Contract Terms and Conditions

The contract between ERB and a Contractor will follow the format specified by ERB and contain the terms and conditions set forth in Appendix B, "Contract Terms and Conditions." However, ERB reserves the right to negotiate with a successful Offeror provisions in addition to those contained in this RFP. To the extent not superseded by specific provisions of the contract, the contents of this RFP, as revised and/or supplemented by amendment, and the successful Offeror's proposal will be incorporated into and become part of the contract.

Should an Offeror object to any of ERB's terms and conditions, as contained in this Section or in Appendix B, said Offeror must so note in its proposal and propose specific alternative language. ERB may or may not accept the alternative language. General references to the

Offeror's terms and conditions may result in disqualification of the Offeror's proposal. Attempts at complete substitutions are not acceptable to ERB and will result in disqualification of the Offeror's proposal.

Offerors must provide a brief discussion of the purpose and impact, if any, of each proposed change followed by the specific proposed alternate wording.

15. Offeror's Terms and Conditions

Offerors must submit with the proposal a complete set of any additional terms and conditions which they expect to have included in a contract negotiated with ERB.

16. Offeror Qualifications

The Evaluation Committee may make such investigations as necessary to determine the ability of the Offeror to adhere to the requirements specified within this RFP. The Evaluation Committee will reject the proposal of any Offeror who is not a responsible Offeror or fails to submit a responsive offer as defined in §13-1-83 and §13-1-85, NMSA 1978.

17. Right to Waive Minor Irregularities

The Evaluation Committee reserves the right to waive minor irregularities. The Evaluation Committee also reserves the right to waive mandatory requirements provided that all of the otherwise responsive proposals failed to meet the mandatory requirements and/or doing so does not otherwise materially affect the procurement. This right is at the sole discretion of the Evaluation Committee.

18. Change in Contractor Representatives

ERB reserves the right to require a change in Contractor Representatives if the assigned representatives are not, in the opinion of ERB, meeting its needs adequately.

19. Notice

The Contractor shall be subject to all provisions of New Mexico law including without limitation New Mexico criminal statutes which impose felony penalties for bribes, gratuities and kickbacks. The Contractor may be terminated at the discretion of ERB for any violation falling within Sec. 13-1-178 NMSA 1978 of the Procurement Code.

20. Agency Rights

ERB reserves the right to accept all or a portion of an Offeror's proposal.

21. Right to Publish

Throughout the duration of this procurement process and contract term, potential Offerors, Offerors and Contractors must secure from ERB written approval prior to the release of any information that pertains to the potential work or activities covered by this procurement or the subsequent contract. Failure to adhere to this requirement may result in disqualification of the Offeror's proposal or termination of the contract.

22. Ownership of Proposals

All documents in electronic and hard copy format submitted in response to this RFP shall become the property of ERB and the State of New Mexico.

23. Electronic mail address required

Communication regarding this procurement will be conducted by electronic mail (e-mail). Offerors must have a valid e-mail address to receive communication materials.

24. Use of Electronic Versions of this RFP

This RFP is being made available by electronic means. If accepted by such means, the Offeror acknowledges and accepts full responsibility to ensure that no changes are made to the RFP. In the event of conflict between a version of the RFP in the Offeror's possession and the version maintained by the ERB, the version maintained by ERB shall govern.

### **III. RESPONSE FORMAT AND ORGANIZATION**

This section describes the format and organization of the Offeror's response. Failure to conform to these specifications may result in the disqualification of the proposal.

A. ORIGINAL AND (3) COPIES

Offerors shall submit one (1) original and three (3) copies of their proposal and a copy in Portable Electronic Format (PDF) to the location specified in Section II, Paragraph B(5) on or before the closing date and time for receipt of proposals.

B. PROPOSAL FORMAT

All proposals must be typewritten on standard 8 1/2 x 11 paper (larger paper is permissible for charts, spreadsheets, etc.) and placed within a binder with tabs delineating each section.

1. Proposal Organization

The proposal must be organized and indexed in the following format and must contain, at a minimum, all listed items in the sequence indicated.

- a) Letter of Transmittal

- b) Table of Contents
- c) Proposal Summary (optional)
- d) Response to Mandatory Specifications
- e) Campaign Contribution Form
- f) Response to Agency Terms and Conditions (if any)
- g) Offeror's Additional Terms and Conditions (if any)
- h) Other Supporting Material

Within each section of their proposals, Offerors should address the items in the order in which they appear in this RFP. All forms provided in the RFP must be thoroughly completed and included in the appropriate section of the proposal. Any proposal that does not adhere to these requirements may be deemed non-responsive and rejected on that basis.

The proposal summary may be included by Offerors to provide the Evaluation Committee with an overview of the technical and business features of the proposal; however, this material will not be used in the evaluation process unless specifically referenced from other portions of the Offeror's proposal.

Offerors may attach other materials that they feel may improve the quality of their responses. These materials should be included as items in a separate appendix.

## 2. Letter of Transmittal

Each proposal must be accompanied by a Letter of Transmittal. The Letter of Transmittal MUST:

- a) identify the RFP number;
- b) identify the submitting Offeror;
- c) identify the name and title of the person authorized to contractually obligate the Offeror;
- d) identify the name, title and telephone number of the person authorized to negotiate the contract on behalf of the Offeror;
- e) identify the names, titles and telephone numbers of persons to be contacted for clarification;
- f) explicitly indicate acceptance of the Conditions Governing the Procurement stated in Section II;
- g) be signed by the person authorized to contractually obligate the Offeror; and
- h) acknowledge receipt of any and all amendments to this RFP.

## **IV. SPECIFICATIONS**

Offerors should respond in the form of a thorough narrative to each mandatory specification. The narratives along with required supporting materials will be evaluated and awarded points accordingly on a scale of 1-100.

**Failure to respond to Mandatory Specifications may result in the disqualification of the proposal as non-responsive.**

A. MANDATORY SPECIFICATIONS

1. Relevant Experience

Offeror must submit a statement of relevant experience. Relevant experience is defined as experience in providing actuarial or actuarial auditing services, relating specifically to large public pension defined benefit plans in excess of \$1 billion. The statement shall include the number of years of experience the Offeror has in providing such services to public pension clients and an assessment by the Offeror of the Offeror's current level of expertise in this area. If applicable the statement should also discuss the firm's competitive advantage over others in the actuarial consulting industry and the actuarial audit service area.

A. References

Proposals must include three (3) references from public or private sector employers for whom your firm has provided actuarial audit services similar to this Request for Proposal. The minimum information that must be provided about each reference is:

- a) Name of entity services were provided for
- b) Address of entity
- c) Name of contact person
- d) Telephone number of contact person
- e) Type of services provided and dates services were provided
- f) E-mail address (if available)
- g) The scope of the actuarial auditing services required for these reference clients

2. Proposed Staff Experience

Offerors must submit the following information regarding firm employees.

- a) Please submit resumes of all proposed professional staff members in the actuarial auditing group who will be providing services for the audit including the Senior Auditor and all Secondary Auditors. Experience narratives shall be attached that describe the specific relevant experience of the staff members in relation to the role that member will perform for this contract. The narrative(s) must include the name of the individual(s) proposed and should include a thorough description of the education, knowledge, and relevant experience as well as any certifications or other professional credential that clearly shows the proposed staff member's expertise in providing actuarial services or actuarial audit services, particularly for public funds in excess of \$1 billion. Please include years of experience as an actuary providing public pension consulting services and actuarial audit assignments for multi-employer public

retirement systems.

- b) Please provide the average number of plan audits administered by your firm's proposed team on an ongoing basis.
- c) Please provide the number of actuaries your firm employs.
- d) Describe the background of the professionals in your firm's actuarial consulting/auditing services group. What percentage are currently Fellows of the Society of Actuaries ("FAS")? What percentage are members of the American Academy of Actuaries ("AAA")? What percentage are Enrolled actuaries?
- e) What ongoing educational programs are supported and/or required by your firm?
- f) For the Senior Auditor and all Secondary Auditors that would be assigned to ERB list their public fund actuarial audit assignments for the past five years. Include for each assignment the date of the final audit report, whether the auditor served as the Senior or Secondary auditor, and the client's name and plan size (number of pension plan members and annuitants).
- g) For the Senior Auditor and each Secondary Auditor, please state the total number of clients currently assigned to these individuals and whether the assignments are for general actuarial services or actuarial audit services?
- h) Please describe the level of access ERB would have to data files, records and methodologies used in the audit.
- i) Please list client relationships where actuarial auditing services similar to this RFP have been or are being provided.
- j) For all current public pension plan full service actuarial clients, state the client's name, the first year of your initial contract with the plan, and their asset and membership size as of 2011. Designate which are multi-employer plans. In addition, describe the nature of the consulting relationship with a full service actuarial consulting or actuarial audit client that has been assigned for at least two years to the Senior Auditor that would be assigned to the ERB audit.

### 3. Actuarial Audit Methods

- a) Provide an estimated timeline for completion of the work that includes each state of the process. Please include an estimate of information or data gathering required from ERB and/or its current consulting actuary. Indicate points in the audit when your firm plans to interact with ERB staff at our office.
- b) Describe your firm's theory and methodology used in recommending an appropriate actuarial cost method for a public pension fund.

- c) Describe your firm's theory and methodology for actuarial assumptions development (except for the interest rate assumption, which is addressed separately).
- d) Describe the methodology used to formulate a pension fund's actuarial interest rate assumptions.
- e) Describe your firm's approach to recommendations regarding the amortization of unfunded liabilities.

4. Quality Assurance.

- a) Indicate whether, in the past 5 years, your firm, or an officer, or principal of your firm has been involved in litigation or other legal proceedings related to your actuarial or actuarial audit services. If so, please provide a brief explanation and indicate the current status.
- b) Has your firm, within the last ten years, been censured or fined by any regulatory body? If so, please indicate the dates and describe the situation.
- c) List all pension plan clients that have terminated their actuarial service contract with your firm in the last five years. Include the client firm's name, size (number of pension plan members and annuitants), date of contract termination, and reasons(s) for contract termination.
- d) Within the last five years, has your firm been notified by any actuarial consulting services client that your firm is in default of its contract, or that conditions exist jeopardizing continuation of that contract? If so, state the client firm's name, year the notice was received, reasons for the notice and current status of the relationship.
- e) Have your firm's actuarial consulting service products been audited by another actuarial firm within the last five years? If so, state the number of such audits and whether any resulted in revisions to your clients' annual valuation results, actuarial assumptions, or actuarial cost methods.
- f) Will subcontractors be used in providing the required ERB services? If so, describe the specific services that would be subcontracted, the name of the subcontractor, the cost to your firm of these services, and how you would control the quality of services provided.
- g) Please describe your firm's legal resources, both in-house and external consultants, if retained.
- h) Describe the levels of coverage for errors and omissions insurance and, fiduciary and professional liability insurance. Include information on whether coverage is on a per-client or on a company-wide basis and liability amounts. ***Please note that the ERB will not indemnify or hold harmless a Contractor for any purpose.***

- i) Identify and summarize any potential conflicts of interest your Firm would have in providing services to the ERB.
- j) Describe your procedures for monitoring client satisfaction.

6. Actuarial Audit Cost

- a) Describe the cost structure you propose for ERB's actuarial audit engagement
- b) Describe how fees are determined for your firm's actuarial auditing services. The proposed fee schedule should include administrative, third-party, travel, and all other costs associated with the proposed engagement.

7. Oral Presentation

If selected as a Finalist, Offerors agree to provide the Evaluation Committee the opportunity to interview proposed staff members at the Oral Presentation. Proposed Staff members will be identified by the Evaluation Committee in the finalist notification letter.

8. New Mexico Employees Health Coverage

Contractors doing business with the State of New Mexico are required to offer group health care coverage to their New Mexico employees. New Mexico employees are defined as residents of the State of New Mexico performing the majority of their work within the State of New Mexico for any employer regardless of the location of the employer's office or offices.

***If your Firm will employ New Mexico employees to provide services, employee health insurance coverage is mandatory to be awarded a contract based on this RFP.***

**The Employee Health Care Insurance coverage requirement is governed by the following:**

A. If Contractor has, or grows to, six (6) or more employees who work, or who are expected to work, an average of at least 20 hours per week over a six (6) month period during the term of the contract in the state of New Mexico, Contractor certifies, by signing this agreement, to have in place, and agree to maintain for the term of the contract, health insurance for those employees and offer that health insurance to those employees if the expected annual value in the aggregate of any and all contracts between Contractor and the State exceed \$250,000 dollars.

B. Contractor agrees to maintain a record of the number of employees who have (a) accepted health insurance; (b) declined health insurance due to other health insurance coverage already in place; or (c) declined health insurance for other reasons. These records are subject to review and audit by a representative of the State.

C. Contractor agrees to advise all employees of the availability of State publicly financed health care coverage programs by providing each employee with, as a minimum, the following web site link to additional information: <http://insurenemexico.state.nm.us/>.

9. Campaign Contribution Disclosure Form

Offeror must complete and sign the Appendix C, Campaign Contribution Disclosure Form. This form must be submitted with your proposal regardless of whether an applicable contribution has been made.

**V. EVALUATION**

A. EVALUATION FACTORS

All Responsive Proposals will be evaluated according to the following criteria.

FACTOR	MAXIMUM POINTS
1. Relevant Experience	30
2. Quality Assurance	15
3. Proposed Staff Experience	20
4. Cost	20
5. Actuarial Audit Methods	15
MAXIMUM POINTS AVAILABLE	100

EVALUATION PROCESS

The evaluation process will follow the steps listed below:

1. All Offeror proposals will be reviewed for compliance with the mandatory requirements and specifications stated within the RFP. Proposals deemed non-responsive will be eliminated from further consideration.
2. The Procurement Coordinator may contact the Offeror for clarification of the Response as specified in Section II, Paragraph B(6).
3. The Evaluation Committee may use other sources of information to perform the evaluation as specified in Section II, Paragraph C(17).
4. Responsive proposals will be evaluated based on the Evaluation Factors in Section V, Paragraph A. The Responsible Offerors with the highest scores may be selected as finalist Offerors based upon the proposals submitted. Finalist Offerors who are asked or choose to submit revised proposals for the purpose of obtaining best and final offers will have their points recalculated

accordingly. Points awarded from oral presentations, if made, will be added to the previously assigned points to attain final scores. The Responsible Offerors whose proposals are most advantageous to ERB, taking into consideration the evaluation factors in Section V, Paragraph A, will be recommended for contract award as specified in Section II, Paragraph B(11). Please note, however, that a serious deficiency in the Response to any one factor may be grounds for rejection regardless of overall score.

APPENDIX A - ERB RFP # 2012-02  
ACKNOWLEDGEMENT OF RECEIPT FORM

In acknowledgement of receipt of this Request for Proposals, the undersigned agrees that he/she has received a complete copy, beginning with the title page and table of contents, and ending with Appendix E.

The acknowledgement of receipt should be signed and returned to the Procurement Coordinator no later than close of business on March 30, 2012. Only potential Offerors who elect to return this form completed with the indicated intention of submitting a proposal will receive copies of all Offeror written questions and ERB's written responses to those questions as well as RFP amendments, if any are issued. You must provide an e-mail address to be included on the Procurement Distribution List.

POTENTIAL OFFEROR: \_\_\_\_\_

REPRESENTED BY: \_\_\_\_\_

TITLE: \_\_\_\_\_ PHONE NO.: \_\_\_\_\_

E-MAIL: \_\_\_\_\_ FAX NO.: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

CITY: \_\_\_\_\_ STATE: \_\_\_\_\_ ZIP CODE: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

This name and address will be used for all correspondence related to the Request for Proposal. Please indicate whether you intend to respond to this Request for Proposals by marking YES/NO below.

\_\_\_\_\_ YES. We intend to respond.

\_\_\_\_\_ NO. We do not intend to respond.

Debbi Lucero, Procurement Coordinator  
New Mexico Educational Retirement Board  
Street: 701 Camino de los Marquez, Santa Fe, New Mexico 87505  
Mail: Post Office Box 26129, Santa Fe, New Mexico 87502  
Phone: (505) 827-8030  
Fax: (505) 827-1855

APPENDIX B  
SAMPLE CONTRACT – FINAL CONTRACT MAY VARY

STATE OF NEW MEXICO  
NAME OF AGENCY  
PROFESSIONAL SERVICES CONTRACT # \_\_\_\_\_

THIS AGREEMENT is made and entered into by and between the State of New Mexico, **NAME OF AGENCY**, hereinafter referred to as the "Agency," and **NAME OF CONTRACTOR**, hereinafter referred to as the "Contractor," and is effective as of the date set forth below upon which it is executed by the Department of Finance and Administration ("DFA").

IT IS AGREED BETWEEN THE PARTIES:

1. **Scope of Work.**

A. The Contractor shall perform the following work:

B. *Performance Measures.*

Contractor shall substantially perform the following Performance Measures:

- 1.
- 2.

The receipt of the deliverables contemplated under this Agreement shall assist the Agency in obtaining its goal(s) as set forth in its Strategic Plan on page(s)\_\_\_\_\_.

(or reference an Attachment 1, see below)

2. **Compensation.**

A. The Agency shall pay to the Contractor in full payment for services satisfactorily performed at the rate of \_\_\_\_\_ dollars (\$\_\_\_\_\_) per hour (OR BASED UPON DELIVERABLES, MILESTONES, BUDGET, ETC.), such compensation not to exceed (AMOUNT), excluding gross receipts tax. The New Mexico gross receipts tax levied on the amounts payable under this Agreement totaling (AMOUNT) shall be paid by the Agency to the Contractor. **The total amount payable to the Contractor under this Agreement, including gross receipts tax and expenses, shall not exceed (AMOUNT). This amount is a maximum and not a guarantee that the work assigned to be performed by Contractor under this Agreement shall equal the amount stated herein. The parties do not intend for the Contractor to continue to provide services without compensation when the total compensation amount is reached. Contractor is responsible for notifying the Agency when the services provided under this Agreement reach the total compensation amount. In no event will the Contractor be paid for services provided in excess of the total compensation amount without this Agreement being amended in writing prior to those services in excess of the total compensation amount being provided.**

B. Payment is subject to availability of funds pursuant to the Appropriations Paragraph set forth below and to any negotiations between the parties from year to year pursuant to Paragraph 1, Scope of Work, and to approval by the DFA. All invoices MUST BE received by the Agency no later than fifteen (15) days after the termination of the Fiscal Year in which the services were delivered. Invoices received after such date WILL NOT BE PAID.

C. Contractor must submit a detailed statement accounting for all services performed and expenses incurred. If the Agency finds that the services are not acceptable, within thirty days after the date of receipt of written notice from the Contractor that payment is requested, it shall provide the Contractor a letter of exception explaining the defect or objection to the services, and outlining steps the Contractor may take to provide remedial action. Upon certification by the Agency that the services have been received and accepted, payment shall be tendered to the Contractor within thirty days after the date of acceptance. If payment is made by mail, the payment shall be deemed tendered on the date it is postmarked. However, the agency shall not incur late charges, interest, or penalties for failure to make payment within the time specified herein.

**3. Term.**

THIS AGREEMENT SHALL NOT BECOME EFFECTIVE UNTIL APPROVED BY THE DFA. This Agreement shall terminate on **DATE** unless terminated pursuant to paragraph 4 (Termination), or paragraph 5 (Appropriations). In accordance with Section 13-1-150 NMSA 1978, no contract term for a professional services contract, including extensions and renewals, shall exceed four years, except as set forth in Section 13-1-150 NMSA 1978.

**4. Termination.**

A. Termination. This Agreement may be terminated by either of the parties hereto upon written notice delivered to the other party at least thirty (30) days prior to the intended date of termination. Except as otherwise allowed or provided under this Agreement, the Agency's sole liability upon such termination shall be to pay for acceptable work performed prior to the Contractor's receipt of the notice of termination, if the Agency is the terminating party, or the Contractor's sending of the notice of termination, if the Contractor is the terminating party; provided, however, that a notice of termination shall not nullify or otherwise affect either party's liability for pre-termination defaults under or breaches of this Agreement. The Contractor shall submit an invoice for such work within thirty (30) days of receiving or sending the notice of termination. Notwithstanding the foregoing, this Agreement may be terminated immediately upon written notice to the Contractor if the Contractor becomes unable to perform the services contracted for, as determined by the Agency or if, during the term of this Agreement, the Contractor or any of its officers, employees or agents is indicted for fraud, embezzlement or other crime due to misuse of state funds or due to the Appropriations paragraph herein. *THIS PROVISION IS NOT EXCLUSIVE AND DOES NOT WAIVE THE STATE'S OTHER LEGAL RIGHTS AND REMEDIES CAUSED BY THE CONTRACTOR'S DEFAULT/BREACH OF THIS AGREEMENT.*

B Termination Management. Immediately upon receipt by either the Agency or the Contractor of notice of termination of this Agreement, the Contractor shall: 1) not incur any further obligations for salaries, services or any other expenditure of funds under this Agreement without written approval of the Agency; 2) comply with all directives issued by the Agency in the notice of termination as to the performance of work under this Agreement; and 3) take such action as the

Agency shall direct for the protection, preservation, retention or transfer of all property titled to the Agency and records generated under this Agreement. Any non-expendable personal property or equipment provided to or purchased by the Contractor with contract funds shall become property of the Agency upon termination and shall be submitted to the agency as soon as practicable.

**5. Appropriations.**

The terms of this Agreement are contingent upon sufficient appropriations and authorization being made by the Legislature of New Mexico for the performance of this Agreement. If sufficient appropriations and authorization are not made by the Legislature, this Agreement shall terminate immediately upon written notice being given by the Agency to the Contractor. The Agency's decision as to whether sufficient appropriations are available shall be accepted by the Contractor and shall be final. If the Agency proposes an amendment to the Agreement to unilaterally reduce funding, the Contractor shall have the option to terminate the Agreement or to agree to the reduced funding, within thirty (30) days of receipt of the proposed amendment.

**6. Status of Contractor.**

The Contractor and its agents and employees are independent contractors performing professional services for the Agency and are not employees of the State of New Mexico. The Contractor and its agents and employees shall not accrue leave, retirement, insurance, bonding, use of state vehicles, or any other benefits afforded to employees of the State of New Mexico as a result of this Agreement. The Contractor acknowledges that all sums received hereunder are reportable by the Contractor for tax purposes, including without limitation, self-employment and business income tax. The Contractor agrees not to purport to bind the State of New Mexico unless the Contractor has express written authority to do so, and then only within the strict limits of that authority.

**7. Assignment.**

The Contractor shall not assign or transfer any interest in this Agreement or assign any claims for money due or to become due under this Agreement without the prior written approval of the Agency.

**8. Subcontracting.**

The Contractor shall not subcontract any portion of the services to be performed under this Agreement without the prior written approval of the Agency. No such subcontract shall relieve the primary Contractor from its obligations and liabilities under this Agreement, nor shall any subcontract obligate direct payment from the Procuring Agency.

**9. Release.**

Final payment of the amounts due under this Agreement shall operate as a release of the Agency, its officers and employees, and the State of New Mexico from all liabilities, claims and obligations whatsoever arising from or under this Agreement.

**10. Confidentiality.**

Any confidential information provided to or developed by the Contractor in the performance of this Agreement shall be kept confidential and shall not be made available to any individual or organization by the Contractor without the prior written approval of the Agency.

**11. Product of Service -- Copyright.**

All materials developed or acquired by the Contractor under this Agreement shall become the property of the State of New Mexico and shall be delivered to the Agency no later than the termination date of this Agreement. Nothing developed or produced, in whole or in part, by the Contractor under this Agreement shall be the subject of an application for copyright or other claim of ownership by or on behalf of the Contractor.

**12. Conflict of Interest; Governmental Conduct Act.**

A. The Contractor represents and warrants that it presently has no interest and, during the term of this Agreement, shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance or services required under the Agreement.

B. The Contractor further represents and warrants that it has complied with, and, during the term of this Agreement, will continue to comply with, and that this Agreement complies with all applicable provisions of the Governmental Conduct Act, Chapter 10, Article 16 NMSA 1978. Without in anyway limiting the generality of the foregoing, the Contractor specifically represents and warrants that:

1) in accordance with Section 10-16-4.3 NMSA 1978, the Contractor does not employ, has not employed, and will not employ during the term of this Agreement any Agency employee while such employee was or is employed by the Agency and participating directly or indirectly in the Agency's contracting process;

2) this Agreement complies with Section 10-16-7(A) NMSA 1978 because (i) the Contractor is not a public officer or employee of the State; (ii) the Contractor is not a member of the family of a public officer or employee of the State; (iii) the Contractor is not a business in which a public officer or employee or the family of a public officer or employee has a substantial interest; or (iv) if the Contractor is a public officer or employee of the State, a member of the family of a public officer or employee of the State, or a business in which a public officer or employee of the State or the family of a public officer or employee of the State has a substantial interest, public notice was given as required by Section 10-16-7(A) NMSA 1978 and this Agreement was awarded pursuant to a competitive process;

3) in accordance with Section 10-16-8(A) NMSA 1978, (i) the Contractor is not, and has not been represented by, a person who has been a public officer or employee of the State within the preceding year and whose official act directly resulted in this Agreement and (ii) the Contractor is not, and has not been assisted in any way regarding this transaction by, a former public officer or employee of the State whose official act, while in State employment, directly resulted in the Agency's making this Agreement;

4) this Agreement complies with Section 10-16-9(A) NMSA 1978 because (i) the Contractor is not a legislator; (ii) the Contractor is not a member of a legislator's family; (iii) the Contractor is not a business in which a legislator or a legislator's family has a substantial interest; or (iv) if the Contractor is a legislator, a member of a legislator's family, or a business in which a legislator or a legislator's family has a substantial interest, disclosure has been made as required by Section 10-16-9(A) NMSA 1978, this Agreement is not a sole source or small purchase contract, and this Agreement was awarded in accordance with the provisions of the Procurement Code;

5) in accordance with Section 10-16-13 NMSA 1978, the Contractor has not directly participated in the preparation of specifications, qualifications or evaluation criteria for this Agreement or any procurement related to this Agreement; and

6) in accordance with Section 10-16-3 and Section 10-16-13.3 NMSA 1978, the Contractor has not contributed, and during the term of this Agreement shall not contribute, anything of value to a public officer or employee of the Agency.

C. Contractor's representations and warranties in Paragraphs A and B of this Article 12 are material representations of fact upon which the Agency relied when this Agreement was entered into by the parties. Contractor shall provide immediate written notice to the Agency if, at any time during the term of this Agreement, Contractor learns that Contractor's representations and warranties in Paragraphs A and B of this Article 12 were erroneous on the effective date of this Agreement or have become erroneous by reason of new or changed circumstances. If it is later determined that Contractor's representations and warranties in Paragraphs A and B of this Article 12 were erroneous on the effective date of this Agreement or have become erroneous by reason of new or changed circumstances, in addition to other remedies available to the Agency and notwithstanding anything in the Agreement to the contrary, the Agency may immediately terminate the Agreement.

D. All terms defined in the Governmental Conduct Act have the same meaning in this Article 12(B).

**13. Amendment.**

A. This Agreement shall not be altered, changed or amended except by instrument in writing executed by the parties hereto and all other required signatories.

B. If the Agency proposes an amendment to the Agreement to unilaterally reduce funding due to budget or other considerations, the Contractor shall, within thirty (30) days of receipt of the proposed Amendment, have the option to terminate the Agreement, pursuant to the termination provisions as set forth in Article 4 herein, or to agree to the reduced funding.

**14. Merger.**

This Agreement incorporates all the Agreements, covenants and understandings between the parties hereto concerning the subject matter hereof, and all such covenants, Agreements and understandings have been merged into this written Agreement. No prior Agreement or understanding, oral or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this Agreement.

**15. Penalties for violation of law.**

The Procurement Code, Sections 13-1-28 through 13-1-199, NMSA 1978, imposes civil and criminal penalties for its violation. In addition, the New Mexico criminal statutes impose felony penalties for illegal bribes, gratuities and kickbacks.

**16. Equal Opportunity Compliance.**

The Contractor agrees to abide by all federal and state laws and rules and regulations, and executive orders of the Governor of the State of New Mexico, pertaining to equal employment opportunity. In accordance with all such laws of the State of New Mexico, the Contractor assures that no person in the United States shall, on the grounds of race, religion, color, national origin, ancestry, sex, age, physical or mental handicap, or serious medical condition, spousal affiliation,

sexual orientation or gender identity, be excluded from employment with or participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity performed under this Agreement. If Contractor is found not to be in compliance with these requirements during the life of this Agreement, Contractor agrees to take appropriate steps to correct these deficiencies.

**17. Applicable Law.**

The laws of the State of New Mexico shall govern this Agreement, without giving effect to its choice of law provisions. Venue shall be proper only in a New Mexico court of competent jurisdiction in accordance with Section 38-3-1 (G) NMSA 1978. By execution of this Agreement, Contractor acknowledges and agrees to the jurisdiction of the courts of the State of New Mexico over any and all lawsuits arising under or out of any term of this Agreement.

**18. Workers Compensation.**

The Contractor agrees to comply with state laws and rules applicable to workers compensation benefits for its employees. If the Contractor fails to comply with the Workers Compensation Act and applicable rules when required to do so, this Agreement may be terminated by the Agency.

**19. Records and Financial Audit.**

The Contractor shall maintain detailed time and expenditure records that indicate the date; time, nature and cost of services rendered during the Agreement's term and effect and retain them for a period of three (3) years from the date of final payment under this Agreement. The records shall be subject to inspection by the Agency, the Department of Finance and Administration and the State Auditor. The Agency shall have the right to audit billings both before and after payment. Payment under this Agreement shall not foreclose the right of the Agency to recover excessive or illegal payments

**Indemnification.**

The Contractor shall defend, indemnify and hold harmless the Agency and the State of New Mexico from all actions, proceeding, claims, demands, costs, damages, attorneys' fees and all other liabilities and expenses of any kind from any source which may arise out of the performance of this Agreement, caused by the negligent act or failure to act of the Contractor, its officers, employees, servants, subcontractors or agents, or if caused by the actions of any client of the Contractor resulting in injury or damage to persons or property during the time when the Contractor or any officer, agent, employee, servant or subcontractor thereof has or is performing services pursuant to this Agreement. In the event that any action, suit or proceeding related to the services performed by the Contractor or any officer, agent, employee, servant or subcontractor under this Agreement is brought against the Contractor, the Contractor shall, as soon as practicable but no later than two (2) days after it receives notice thereof, notify the legal counsel of the Agency and the Risk Management Division of the New Mexico General Services Department by certified mail.

**21. New Mexico Employees Health Coverage.**

A. If Contractor has, or grows to, six (6) or more employees who work, or who are expected to work, an average of at least 20 hours per week over a six (6) month period during the term of the contract, Contractor certifies, by signing this agreement, to have in place, and agree to maintain for the term of the contract, health insurance for those employees and offer that health insurance to those employees if the expected annual value in the aggregate of any and all contracts between Contractor and the State exceed \$250,000 dollars.

B. Contractor agrees to maintain a record of the number of employees who have (a) accepted health insurance; (b) declined health insurance due to other health insurance coverage already in place; or (c) declined health insurance for other reasons. These records are subject to review and audit by a representative of the state.

C. Contractor agrees to advise all employees of the availability of State publicly financed health care coverage programs by providing each employee with, as a minimum, the following web site link to additional information: <http://insurenemexico.state.nm.us/>.

**22. Employee Pay Equity Reporting**

Contractor agrees if it has ten (10) or more New Mexico employees OR eight (8) or more employees in the same job classification, at any time during the term of this contract, to complete and submit the PE10-249 form on the annual anniversary of the initial report submittal for contracts up to one (1) year in duration. If contractor has (250) or more employees contractor must complete and submit the PE250 form on the annual anniversary of the initial report submittal for contracts up to one (1) year in duration. For contracts that extend beyond one (1) calendar year, or are extended beyond one (1) calendar year, contractor also agrees to complete and submit the PE10-249 or PE250 form, whichever is applicable, within thirty (30) days of the annual contract anniversary date of the initial submittal date or, if more than 180 days has elapsed since submittal of the last report, at the completion of the contract, whichever comes first. Should contractor not meet the size requirement for reporting at contract award but subsequently grows such that they meet or exceed the size requirement for reporting, contractor agrees to provide the required report within ninety (90 days) of meeting or exceeding the size requirement. That submittal date shall serve as the basis for submittals required thereafter. Contractor also agrees to levy this requirement on any subcontractor(s) performing more than 10% of the dollar value of this contract if said subcontractor(s) meets, or grows to meet, the stated employee size thresholds during the term of the contract. Contractor further agrees that, should one or more subcontractor not meet the size requirement for reporting at contract award but subsequently grows such that they meet or exceed the size requirement for reporting, contractor will submit the required report, for each such subcontractor, within ninety (90 days) of that subcontractor meeting or exceeding the size requirement. Subsequent report submittals, on behalf of each such subcontractor, shall be due on the annual anniversary of the initial report submittal. Contractor shall submit the required form(s) to the State Purchasing Division of the General Services Department, and other departments as may be determined, on behalf of the applicable subcontractor(s) in accordance with the schedule contained in this paragraph. Contractor acknowledges that this subcontractor requirement applies even though contractor itself may not meet the size requirement for reporting and be required to report itself.

Notwithstanding the foregoing, if this Contract was procured pursuant to a solicitation, and if Contractor has already submitted the required report accompanying their response to such

solicitation, the report does not need to be re-submitted with this Agreement. Forms may be obtained at [www.generalservices.state.nm.us/statepurchasing/Pay\\_Equity.aspx.\(underscore](http://www.generalservices.state.nm.us/statepurchasing/Pay_Equity.aspx.(underscore) between Pay and Equity)

**23. Invalid Term or Condition.**

If any term or condition of this Agreement shall be held invalid or unenforceable, the remainder of this Agreement shall not be affected and shall be valid and enforceable.

**24. Enforcement of Agreement.**

A party's failure to require strict performance of any provision of this Agreement shall not waive or diminish that party's right thereafter to demand strict compliance with that or any other provision. No waiver by a party of any of its rights under this Agreement shall be effective unless express and in writing, and no effective waiver by a party of any of its rights shall be effective to waive any other rights.

**5. Notices.**

Any notice required to be given to either party by this Agreement shall be in writing and shall be delivered in person, by courier service or by U.S. mail, either first class or certified, return receipt requested, postage prepaid, as follows:

To the Agency: [insert name, address and email].

To the Contractor: [insert name, address and email].

**26. Authority.**

If Contractor is other than a natural person, the individual(s) signing this Agreement on behalf of Contractor represents and warrants that he or she has the power and authority to bind Contractor, and that no further action, resolution, or approval from Contractor is necessary to enter into a binding contract.

**IN WITNESS WHEREOF, the parties have executed this Agreement as of the date of signature by the DFA Contracts Review Bureau below.**

By: \_\_\_\_\_  
Agency

Date:\_\_\_\_\_

By: \_\_\_\_\_

Date:\_\_\_\_\_

Agency's Legal Counsel –Certifying legal sufficiency

By: \_\_\_\_\_  
Contractor

Date: \_\_\_\_\_

The records of the Taxation and Revenue Department reflect that the Contractor is registered with the Taxation and Revenue Department of the State of New Mexico to pay gross receipts and compensating taxes.

ID Number: **00-000000-00-0**

By: \_\_\_\_\_  
Taxation and Revenue Department

Date: \_\_\_\_\_

This Agreement has been approved by the DFA Contracts Review Bureau:

By: \_\_\_\_\_  
DFA Contracts Review Bureau

Date: \_\_\_\_\_

## Attachment 1

### Scope of Work

#### Performance Measures

**Goal:** ERB's goal is to ensure that, through an independent verification and analysis, the assumptions, procedures, methods, and conclusions used by its current actuarial service provider, Gabriel, Roeder, Smith, and Company, in the evaluation of ERB data as of June 30, 2011, are technically sound and conform to the appropriate Standards of Practice as promulgated by the Actuarial Standards Board.

**Objective:** The objective of this Agreement is to audit the results, findings and recommendations of the most recent actuarial study with the applicable industry standard of prudence.

**Activities:** Contractor will assist the ERB by:

1. Determining if the actuarial methods, considerations and analyses used by GRS in preparing the June 30, 2011, valuation are technically sound and conform to the appropriate Standards of Practice, as promulgated by the Actuarial Standards Board. This review will include:
  - a. Review and analysis of the calculation results, including an evaluation of the data used for reasonableness and consistency as well as a review of the mathematical calculations for completeness and accuracy.
  - b. Verification that all appropriate benefits have been valued and valued accurately. Verification that the data provided by the NMERB is consistent with the data used by GRS.
  - c. Evaluation of the actuarial cost method and the actuarial asset valuation method in use and whether other methods may be more appropriate for the NMERB.
  - d. Verification of the reasonableness of the calculation of the unfunded actuarial accrued liability and the amortization period used under the traditional entry age normal methodology.
  - e. A review of the demographic and economic actuarial assumptions for consistency, reasonableness and compatibility. Such assumptions shall include but are not limited to: mortality, retirement and separation rates, levels of pay adjustments, rates of investment return and disability factors.

If a recommendation is made regarding assumption changes or adjustments to more accurately reflect present and future assets, liabilities, and costs of the NMERB, the report should provide a detailed rationale for the recommendation, and describe the general effect

on the NMERB's condition resulting from the proposed changes in assumptions.

2. An opinion as to whether the June 30, 2011, valuation report is comprehensive and conforms to the appropriate Standards of Practice as promulgated by the Actuarial Standards Board. Any recommendations for improvement in the report presentation should be included.

The comprehensive review described above will result in a final written report and opinion (hard copy and electronic copy, in PDF format) containing the findings, recommendations and conclusions of the auditing actuary.

APPENDIX C  
NEW MEXICO STATUTES GOVERNING  
THE  
ACTUARY STUDY/AUDIT

CHAPTER 22. PUBLIC SCHOOLS  
ARTICLE 11. EDUCATIONAL RETIREMENT

**Go to the New Mexico Code Archive Directory**

*N.M. Stat. Ann. § 22-11-9 (2011)*

**§ 22-11-9. Actuary; fees.**

- A. The board shall employ the services of an **actuary**. The **actuary** shall prepare a table of actuarial equivalents for use of the board and the director in computing the value of advanced, deferred or optional payment of benefits pursuant to the Educational Retirement Act [22-11-1 NMSA 1978]. The **actuary** shall also study the financial operations of the Educational Retirement Act and shall make written reports thereon to the board.
- B. The board shall pay the **actuary** a reasonable fee for his professional services.
- C. Unless otherwise required by the governmental accounting standards board of the American institute of certified public accountants, an actuarial report shall be conducted at least once every three years.

## APPENDIX D

### CAMPAIGN CONTRIBUTION DISCLOSURE FORM

Pursuant to NMSA 1978, § 13-1-191.1 (2006), any person seeking to enter into a contract with any state agency or local public body **for professional services, a design and build project delivery system, or the design and installation of measures the primary purpose of which is to conserve natural resources** must file this form with that state agency or local public body. This form must be filed even if the contract qualifies as a small purchase or a sole source contract. The prospective Contractor must disclose whether they, a family member or a representative of the prospective Contractor has made a campaign contribution to an applicable public official of the state or a local public body during the two years prior to the date on which the Contractor submits a proposal or, in the case of a sole source or small purchase contract, the two years prior to the date the Contractor signs the contract, if the aggregate total of contributions given by the prospective Contractor, a family member or a representative of the prospective Contractor to the public official exceeds two hundred and fifty dollars (\$250) over the two year period.

Furthermore, the state agency or local public body shall void an executed contract or cancel a solicitation or proposed award for a proposed contract if: 1) a prospective Contractor, a family member of the prospective Contractor, or a representative of the prospective Contractor gives a campaign contribution or other thing of value to an applicable public official or the applicable public official's employees during the pendency of the procurement process or 2) a prospective Contractor fails to submit a fully completed disclosure statement pursuant to the law.

**THIS FORM MUST BE FILED BY ANY PROSPECTIVE CONTRACTOR WHETHER OR NOT HE/SHE/IT, HIS/HER/ITS FAMILY MEMBER, OR REPRESENTATIVE HAS MADE ANY CONTRIBUTIONS SUBJECT TO DISCLOSURE.**

The following definitions apply:

**“Applicable public official”** means a person elected to an office or a person appointed to complete a term of an elected office, who has the authority to award or influence the award of the contract for which the prospective Contractor is submitting a competitive sealed proposal or who has the authority to negotiate a sole source or small purchase contract that may be awarded without submission of a sealed competitive proposal.

**“Campaign Contribution”** means a gift, subscription, loan, advance or deposit of money or other thing of value, including the estimated value of an in-kind contribution, that is made to or received by an applicable public official or any person authorized to raise, collect or expend contributions on that official's behalf for the purpose of electing the official to either statewide or local office. “Campaign Contribution” includes the payment of a debt incurred in an election campaign, but does not include the value of services provided without compensation or unreimbursed travel or other personal expenses of individuals who volunteer a portion or all of their time on behalf of a candidate or political committee, nor does it include the administrative or solicitation expenses of a political committee that are paid by an organization that sponsors the committee.

**“Family member”** means spouse, father, mother, child, father-in-law, mother-in-law, daughter-

in-law or son-in-law.

**“Pendency of the procurement process”** means the time period commencing with the public notice of the request for proposals and ending with the award of the contract or the cancellation of the request for proposals.

**“Person”** means any corporation, partnership, individual, joint venture, association or any other private legal entity.

**“Prospective Contractor”** means a person who is subject to the competitive sealed proposal process set forth in the Procurement Code or is not required to submit a competitive sealed proposal because that person qualifies for a sole source or a small purchase contract.

**“Representative of a Prospective Contractor”** means an officer or director of a corporation, a member or manager of a limited liability corporation, a partner of a partnership or a trustee of a trust of the prospective Contractor.

**DISCLOSURE OF CONTRIBUTIONS:**

Contribution Made By: \_\_\_\_\_

Relation to Prospective Contractor: \_\_\_\_\_

Name of Applicable Public Official: \_\_\_\_\_

Date Contribution(s) Made: \_\_\_\_\_

Amount(s) of Contribution(s) \_\_\_\_\_

Nature of Contribution(s) \_\_\_\_\_

Purpose of Contribution(s) \_\_\_\_\_

\_\_\_\_\_  
**(Attach extra pages if necessary)**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title (Position)

\_\_\_\_\_  
Date

**—OR—**

**NO CONTRIBUTIONS IN THE AGGREGATE TOTAL OVER TWO HUNDRED FIFTY DOLLARS (\$250) WERE MADE to an applicable public official by me, a family member or representative.**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title (Position)

\_\_\_\_\_  
Date

