

REQUEST FOR PROPOSALS
ISSUED BY THE
NEW MEXICO LEGISLATIVE COUNCIL SERVICE
FOR THE
NEW MEXICO LEGISLATIVE COUNCIL
AND THE
STATE BOARD OF FINANCE

State of New Mexico
Legislative Council Service
490 Old Santa Fe Trail, Suite 411
Santa Fe, New Mexico 87501

ISSUE DATE: July 15, 2009

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I. INTRODUCTION

A. Purpose of This Request for Proposals

The State of New Mexico's Legislative Council Service (LCS), on behalf of the New Mexico Legislative Council and the State Board of Finance, is requesting proposals for an independent operational and fiduciary review of the New Mexico investment agencies, including the State Investment Council (SIC), the Public Employees Retirement Association (PERA) and the Educational Retirement Board (ERB). Other statewide investment agencies may be included in the review if alternative investments have been made and if sufficient time and funding permit.

The purpose of this Request for Proposals (RFP) is to select through a competitive procurement process a qualified offeror that has the experience and expertise to perform the services as described in the Scope of Work, Section VI of this RFP. Offerors shall be required to provide the services identified in the Scope of Work in consultation with the contract administrator.

An offeror shall have specific and extensive expertise in providing advice to fiduciaries that manage public funds that are comparable to New Mexico's public funds and have other related experience, including conducting significant operational and fiduciary reviews of comparable public pension and investment agencies.

B. Summary Scope of Work

The LCS is soliciting proposals for a contractor to conduct an independent operational and fiduciary review of the New Mexico investment agencies, specifically the SIC, the PERA and the ERB in New Mexico.

Available funding for the project will be determined based upon offers submitted and upon negotiation. The deadline for receipt of the proposals is August 7, 2009.

C. Scope of Procurement

The Scope of Procurement includes the operation and support services required to accomplish those tasks defined in the Scope of Work, Section VI of this RFP. The contract is scheduled to begin on August 17, 2009 with estimated completion of services within ninety (90) days from the effective date of the contract. At least four (4) presentations by the offeror of the final report may be required after the completion date to the respective investment agencies and others at the direction of the LCS.

D. Offeror Qualifications — Conflict of Interest

This RFP is open to any offeror capable of performing the work described in Section VI, Scope of Work, subject to the following stipulations.

(1) An offeror shall not contract with the LCS for any consultation services that would conflict with the requirements of this procurement.

(2) Pursuant to the Governmental Conduct Act, Chapter 10, Article 16 NMSA 1978, an offeror shall have no direct or indirect interest that conflicts with the performance of services covered under this agreement.

(3) Pursuant to Sections 13-1-191, 30-24-2 and 30-41-1 through 30-41-3 NMSA 1978, an offeror may not provide or offer bribes, gratuities or kickbacks to applicable state personnel.

(4) An offeror shall ensure that no elected or appointed officer or other employee of the State of New Mexico (State) shall benefit financially or materially from the successful award of the contract to the offeror and that no individual employed by the State shall receive any share or part of the contract or any benefit that may arise from the contract.

(5) An offeror shall ensure that no member of the New Mexico Legislative Council or the State Board of Finance shall benefit financially or materially from the successful award of the contract to the offeror and that no individual employed by or a family member of any New Mexico Legislative Council or State Board of Finance member shall receive any share or part of the contract or any benefit that may arise therefrom.

(6) An offeror shall disclose any campaign contributions pursuant to Section 13-1-191.1 NMSA 1978 and as identified in the Disclosure of Campaign Contributions Form in Appendix C.

(7) The burden is on the offeror to present sufficient assurance to the LCS Evaluation Committee that the award of the contract to the offeror shall not create a conflict of interest.

E. Procurement Manager

The LCS has designated a Procurement Manager who is responsible for the conduct of this procurement whose name, address, email and telephone number are listed below. The address below should also be used for express or overnight courier deliveries.

RAÚL E. BURCIAGA, Assistant Director for Drafting Services
Procurement Manager
Legislative Council Service
490 Old Santa Fe Trail, Suite 411
Santa Fe, NM 87501

raul.burciaga@nmlegis.gov
Telephone: (505) 986-4671

Fax Number: (505) 986-4680

Any inquiries or requests regarding this procurement shall be submitted in writing only to the Procurement Manager. Questions shall be clearly labeled and shall cite the specific RFP section that forms the basis of the question. Offerors may contact only the Procurement Manager regarding the procurement during the course of this procurement. Any attempt to contact others may result in disqualification of the offeror. Other state employees, New Mexico Legislative Council and State Board of Finance members do not have the authority to respond on behalf of the LCS. The LCS shall not assume responsibility for any answers or clarifications received from any source unless authorized in writing by the Procurement Manager to respond on the LCS's behalf.

F. Definition of Terminology

This paragraph contains definitions that are meaningful to the administration of investments in New Mexico, many of which are used throughout this procurement document and related documents, including appropriate abbreviations.

(1) "**Alternative Investments**" means investment products other than traditional investments such as stocks, bonds or cash, including but not limited to real estate, private equity, venture capital and commodities.

(2) "**Board of Finance**" or "**BOF**" means the State Board of Finance created pursuant to Chapter 6, Article 1 NMSA 1978.

(3) "**Contract**" means an agreement for the procurement of items of tangible personal property or services.

(4) "**Contract Administrator**" means the individual selected by the LCS to monitor all aspects of the contract resulting from this RFP.

(5) "**Contractor**" means the successful offeror.

(6) "**Determination**" means the written documentation of a decision of a Procurement Manager, including findings of fact required to support a decision. A determination becomes part of the procurement file to which it pertains.

(7) "**Department of Finance and Administration**" or "**DFA**" means the cabinet-level department created pursuant to Chapter 9, Article 6 NMSA 1978.

(8) "**Evaluation Committee**" means the body chaired by the Procurement Manager to perform the assessment of offeror proposal and consisting of one designee from the BOF, DFA, LFC and LCS.

(9) "**Finalist**" means an offeror who meets all the mandatory specifications of the RFP and whose score on evaluation factors is sufficiently high to qualify that offeror for further consideration by the Evaluation Committee.

(10) "**Investment Policy**" means a policy that identifies appropriate types of securities and the measures required to balance return objectives with risk controls, including legal compliance, diversification, liquidity, maturity, credit and market risk, counter parties, controls, investment return and transparency, but does not mean investment strategy.

(11) "**Legislative Council Service**" or "**LCS**" means the nonpartisan legislative agency created pursuant to Section 2-3-2 NMSA 1978 that is responsible for the issuance of this RFP and monitoring all aspects of the contract resulting from the RFP.

(12) "**Legislative Finance Committee**" or "**LFC**" means the legislative agency created pursuant to Chapter 2, Article 5 NMSA 1978.

(13) "**Mandatory**" means that the terms "must", "will", "shall", "is required" or "are required" identify a mandatory item or factor.

(14) "**Offeror**" is any person, corporation, partnership or other legal entity that chooses to submit a proposal.

(15) "**Procurement Manager**" means the person or designee authorized by the LCS to manage or administer this procurement requiring the evaluation of competitive sealed proposals.

(16) "**Request for Proposals**" or "**RFP**" means all documents, including those attached or incorporated by reference, used for soliciting proposals.

(17) "**Responsive Offer**" or "**Responsive Proposal**" means an offer or proposal that conforms in all material respects to the requirements set forth in the RFP. The term "material respects" includes, but is not limited to, the price, quality, quantity or delivery requirements of the relevant product or service.

(18) "**Subcontractor**" means a third party who contracts with the contractor or parties the contractor has in turn contracted with for the provision of services that the contractor has contracted with the LCS to perform.

The offeror should note that the use of a singular number includes the plural and the use of a plural number includes the singular, i.e., "offeror" includes "offerors".

G. Notice to Offeror

This procurement is governed by the Procurement Code, Sections 13-1-28 through 13-1-199 NMSA 1978, and applicable rules. The code imposes civil and criminal penalties for its violation. In addition, New Mexico criminal statutes impose felony penalties for bribes, gratuities or kickbacks.

H. Document Validity

The RFP consists of this document, Sections I through VI and appendices. The offeror's proposal will consist of those documents similarly labeled as such and submitted by the offeror in the manner and time frame described in this RFP.

I. Background Information

The New Mexico Legislative Council, on behalf of the New Mexico Legislature and the State Board of Finance, seeks an independent operational and fiduciary review of the New Mexico investment agencies, including the SIC, the PERA and the ERB. Other statewide investment agencies may be included in the review if those other agencies made alternative investments and if sufficient time and funding is available. Although the SIC began investing in alternative investments around 1989, the offeror shall focus this review on the policies, procedures and practices in place after the state passed the Uniform Prudent Investor Act, Sections 45-7-601 through 45-7-612 NMSA 1978, when the agencies initiated or expanded investments in alternative investments. The basis for this independent operational and fiduciary review is the severe market volatility; concomitantly, issues have been raised regarding investment management fees, role of third-party marketers in the alternative investment process, investment managers' performance and state investment policies, procedures and practices.

II. CONDITIONS GOVERNING THE PROCUREMENT

A. Procurement Schedule

The following schedule will be followed as closely as possible in the procurement of the services described in this RFP. The LCS reserves the right to revise this schedule without the need for formal amendment. Offerors will be notified, in advance, in the event a scheduled revision is required:

- | | |
|--|-------------------------|
| (1) Issuance of RFP | July 15, 2009 |
| (2) Deadline for Receipt of Acknowledgment
of Receipt Forms | July 22, 2009 |
| (3) Deadline for Receipt of Written Questions | July 24, 2009 |
| (4) Pre-Proposal Conference (optional) | Week of July 27, 2009 |
| (5) Response to Written Questions and
RFP Amendments | July 31, 2009 |
| (6) Deadline for Submission of Proposals | August 7, 2009 |
| (7) Proposal Evaluation and Selection of Finalists | Week of August 10, 2009 |

(8) Oral Presentations by Finalists (if necessary)	Week of August 10, 2009
(9) Best and Final Offers from Finalists	Week of August 10, 2009
(10) Notice of Contractor Selection	Week of August 10, 2009
(11) Contract Negotiations	Week of August 10, 2009
(12) Contract Effective Date	August 17, 2009

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 the LCS on July 15, 2009.

(2) Acknowledgment of Receipt Forms Due

An offeror should hand-deliver or return by facsimile, registered or certified mail, overnight courier or email the "Acknowledgment of Receipt of Request for Proposals Form" that accompanies this document (see Appendix A) to have its organization placed on the procurement distribution list. The form should be signed by an authorized representative of the organization and must be received by the LCS by 5:00 p.m. MDT on July 20, 2009.

The procurement distribution list will be used for the distribution of written responses to questions and any RFP amendments.

Failure to return this form shall constitute a presumption of receipt and rejection of the RFP, and the offeror's organization name shall not appear on the distribution list.

(3) Deadline to Submit Written Questions

An offeror may submit written questions as to the intent or clarity of this RFP until close of business on July 24, 2009. All written questions must be addressed to the Procurement Manager (see Section I, Paragraph E).

(4) Pre-Proposal Conference

A pre-proposal conference may be held during the week of July 27, 2009 at the discretion of the LCS and, if held, will be in Albuquerque, New Mexico, or Santa Fe, New Mexico. An offeror is encouraged to submit written questions in advance of the conference to the Procurement Manager (see Section I, Paragraph E). The identity of the organization submitting the question(s) will not be revealed. Additional written questions may be submitted at the conference. A public log will be kept of the names of potential offerors that attended the pre-proposal conference.

Attendance at the pre-proposal conference is not a prerequisite for submission of a proposal.

(5) Response to Written Questions/RFP Amendments

Written responses to written questions and any RFP amendments will be distributed on or about July 31, 2009 to each offeror whose organization name appears on the procurement distribution list. An Acknowledgment of Receipt Form will accompany the 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. Therefore, the offeror's organization name will be deleted from the procurement distribution list.

Additional written requests for clarification of distributed answers or amendments must be received by the Procurement Manager no later than three (3) business days after the answers and/or amendments were issued.

(6) Deadline for Receipt of Proposal

ALL OFFEROR PROPOSALS MUST BE RECEIVED BY THE PROCUREMENT MANAGER OR HIS DESIGNEE NO LATER THAN 5:00 P.M. MOUNTAIN DAYLIGHT SAVINGS TIME ON AUGUST 7, 2009. Proposals received after this deadline will not be accepted. The date and time will be recorded on each proposal. Proposals must be addressed and delivered to the Procurement Manager at the address listed in Section I, Paragraph E. Proposals must be sealed and labeled on the outside of the package to clearly indicate that they are in response to the LCS Request for Proposals for an Independent Operational and Fiduciary Review. Proposals submitted by facsimile will not be accepted.

A public log will be kept of the names of all offeror organizations that submitted proposals. Pursuant to Section 13-1-116 NMSA 1978, the contents of any proposal shall not be disclosed to competing offerors or to the public prior to contract award.

(7) Proposal Evaluation

The evaluation of proposals will be performed by the Evaluation Committee. This process will take place the week of August 10, 2009. During this time, the Procurement Manager 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 any offeror.

(8) Selection of Finalists

The Evaluation Committee will select and the Procurement Manager will notify the finalists the week of August 10, 2009. Only finalists will be invited to participate in the subsequent steps of the procurement.

(9) Best and Final Offers from Finalists

A finalist may be asked to submit revisions to its proposals for the purpose of obtaining best and final offers by the week of August 10, 2009.

(10) Notice of Contractor Selection

The LCS shall send a notice of intent to award to selected offerors the week of August 10, 2009. However, the LCS reserves the right to delay the contract award until after that date if such a delay is in the best interest of the State. The contract will be awarded to the offeror whose proposal is most advantageous to the State, taking into consideration the evaluation factors set forth in this RFP. The most advantageous proposal may or may not have the lowest cost.

(11) Contract Negotiations

Contract negotiations will be conducted with the selected offeror during the week of August 10, 2009. In the event that mutually agreeable terms cannot be reached within the time specified, the LCS reserves the right to finalize a contract with the next most advantageous offeror without undertaking a new procurement process.

(12) Contract Effective Date

The anticipated contract start date is August 17, 2009. No work may be performed by the offeror until the contract is fully executed. The LCS assumes no liability for any work performed by the selected offeror in anticipation of a binding contract.

C. Amendments to RFP

Any amendments to this RFP will be issued to all offerors that have returned the Acknowledgment of Receipt Form. The offerors will be required to acknowledge receipt of the amendments in writing.

D. General Requirements

This procurement shall be conducted in accordance with the Procurement Code, Sections 13-1-28 through 13-1-199 NMSA 1978, and applicable rules.

(1) Acceptance of Conditions Governing the Procurement

Offerors shall indicate their acceptance of the "Conditions Governing the Procurement" section of the RFP in the letter of transmittal. 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 and 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 the LCS. The LCS shall make contract payments to only the prime contractor and shall consider the selected offeror to be the sole point of contact with regard to any final contract.

(4) Subcontractors

Use of subcontractors shall be clearly explained in the proposal. Major subcontractors shall be identified by name. The prime contractor shall be wholly responsible for the entire performance. No subcontractor shall be added or changed without notification to and approval of the LCS.

(5) Amended Proposals

An offeror may submit an amended proposal before the deadline for receipt of proposals. Such amended proposals shall be a complete replacement for a previously submitted proposal and shall be clearly identified as such in the transmittal letter. LCS personnel shall not merge, collate or assemble proposal materials.

(6) Offerors' Rights to Withdraw Proposal

An offeror shall be allowed to withdraw its proposal at any time prior to the deadline for receipt of proposals. The offeror shall submit a written withdrawal request signed by the offeror's duly authorized representative addressed to the Procurement Manager.

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

(7) Proposal Offer Firm

Responses to the RFP, including proposal prices, will be considered firm and valid for sixty (60) days after the due date for receipt of proposals or after receipt of the best and final offer, if one is submitted.

(8) Disclosure of Proposal Contents

All proposals shall be kept confidential until the contract is awarded. At that time, all proposals and documents pertaining to the proposals shall be open to the public, except for the material that is identified as proprietary or confidential. Proprietary or confidential data shall be readily separable from the proposal in order to facilitate eventual public inspection of the

nonconfidential portion of the proposal. Confidential data are normally restricted to confidential financial information concerning the offeror's organization and data that qualifies as a trade secret in accordance with the Uniform Trade Secrets Act, Sections 57-3A-1 through 57-3A-7 NMSA 1978. The price of products offered or the cost of services proposed shall not be designated as proprietary or confidential information.

If a request is received for disclosure of data for which an offeror has made a written request for confidentiality, the Procurement Manager shall examine the offeror's request and make a written determination that specifies which portions of the proposal should be disclosed. Unless the offeror takes legal action to prevent the disclosure, the proposal shall be so disclosed. The offeror shall notify the Procurement Manager ten (10) days in advance of instituting legal action intended to prohibit disclosure. The proposal shall be open to public inspection subject to any continuing prohibition on the disclosure of confidential data.

(9) No Obligation

This procurement in no manner obligates the State or any of its agencies to the eventual purchase of services offered until a valid written contract is fully executed.

(10) Termination

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

(11) Sufficient Appropriation

Any contract awarded as a result of this RFP process may be terminated or modified if sufficient appropriations or authorizations do not exist. Such termination shall be effected by sending written notice to the contractor. The LCS's decision as to whether sufficient appropriations and authorizations are available shall be accepted by the contractor as final.

(12) Legal Review

The LCS requires that each offeror agree to be bound by the General Requirements, this section of this RFP. Any offeror's concerns shall be promptly brought to the attention of the Procurement Manager.

(13) Governing Law

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

(14) Basis for Proposal

Only information supplied by the LCS in writing through the Procurement Manager or in this RFP should be used as the basis for the preparation of offeror proposals.

(15) Contract Terms and Conditions

The contract between the LCS and a contractor shall follow the format specified by the LCS. The LCS reserves the right to negotiate the provisions with a successful offeror in addition to the provisions contained in this RFP. The provisions of this RFP, as revised or supplemented, and the successful offeror's proposal shall be incorporated into the contract.

Should an offeror object to any of the LCS's contract terms and conditions, the offeror must propose specific alternative language. General references by an offeror to the terms and conditions or attempts at complete substitutions are not acceptable to the LCS and shall result in disqualification of the offeror's proposal.

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

(16) Offeror's Terms and Conditions

An offeror shall submit with the proposal a complete set of any additional terms and conditions that it expects to have included in a contract negotiated with the LCS.

(17) Contract Deviations

Any additional terms and conditions that may be the subject of negotiation shall be discussed only between the LCS and the selected offeror and shall not be deemed an opportunity to amend the offeror's proposal.

(18) 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 Procurement Manager shall reject the proposal of any offeror who is not a responsible offeror or fails to submit a responsive offer as defined in Sections 13-1-83 and 13-1-85 NMSA 1978.

(19) Right to Waive Minor Irregularities

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

(20) Change in Contractor Representative

The LCS reserves the right to require a change in the contractor representative if the assigned representative is not, in the opinion of the LCS, meeting its needs adequately.

(21) Imposition of Penalties

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

(22) LCS Rights

The LCS reserves the right to accept all or a portion of an offeror's proposal.

(23) Right to Publish

Throughout the duration of this procurement process and contract term, a potential offeror, offeror or contractor shall secure from the LCS 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.

(24) Ownership of Proposals

All documents submitted in response shall become the property of the LCS and the State.

(25) Contract Notice of Award Date

The LCS reserves the right to delay the notice of award of contracts until after the date indicated on the schedule if such a delay is in the best interest of the State.

(26) Electronic Mail Address Required

A large part of the communication regarding this procurement will be conducted by electronic mail (email). The offeror must have a valid email address to receive this correspondence.

(27) 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 LCS, the version maintained by the LCS shall govern.

III. RESPONSE FORMAT AND ORGANIZATION

A. Number of Responses

An offeror shall submit only one (1) proposal.

B. Number of Copies

An offeror shall provide five (5) identical copies of its technical proposal and five (5) identical copies of its cost proposal, each bound separately with the cost proposal sealed, to the location specified in Section I, Paragraph E. In addition, one (1) electronic version of the technical proposal and of the cost proposal in the form of a compact disc (CD) or digital video disc (DVD) shall be submitted along with the hard copies.

C. Proposal Format

Each proposal shall be typewritten on standard 8 1/2 x 11 inch paper and placed within a binder or bound with tabs delineating each section. Larger paper is permissible for charts, spreadsheets and other graphics. A proposal submitted by facsimile or other electronic means will not be accepted.

(1) Proposal Organization

The technical proposal shall be organized and indexed in the following format and shall contain, as a minimum, all listed items in the sequence indicated:

- (a) Letter of Transmittal;
- (b) Table of Contents;
- (c) Proposal Summary;
- (d) Response to Mandatory Specifications;
- (e) Response to Terms and Conditions;
- (f) Offeror's Additional Terms and Conditions; and
- (g) Other Supporting Material (optional).

Within each section of its proposal, an offeror must 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 nonresponsive and rejected on that basis.

The proposal summary may be included by an offeror 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.

An offeror may attach other materials that it feels may improve the quality of its responses. However, these materials should be included as items in a separate appendix.

(2) Letter of Transmittal

Each proposal shall be accompanied by a letter of transmittal. The letter of transmittal shall:

- (a) identify the submitting organization;
- (b) identify the name and title of the person authorized by the organization to contractually obligate the organization;
- (c) identify the name and title of the person authorized by the organization to negotiate the contract on behalf of the organization;
- (d) identify the name(s) and title(s) of the person(s) to be contacted for clarification of the proposal;
- (e) explicitly indicate acceptance of the conditions governing the procurement stated in Section II, Paragraph D(1);
- (f) be signed by the person authorized to contractually obligate the organization; and
- (g) acknowledge receipt of any and all amendments to this RFP, if applicable.

IV. SPECIFICATIONS

An offeror 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.

A. Information

(1) Contractor Staffing and Project Manager

The offeror's staffing will provide adequate personnel to accomplish all work described in the Scope of Work. Staff location will depend on the nature of ongoing tasks. Meetings will normally be conducted at locations in Santa Fe. It is anticipated that direct collaborative working sessions will be necessary to accomplish some of the tasks related to preliminary contract activities. The offeror shall assign a project manager with direct experience in work

related to investment policies and procedures, including alternative investments and in conducting comparable operational and fiduciary reviews. The project manager will serve as the contract point of contact for all contract work.

(2) State Support

The LCS and BOF will coordinate with each investment agency to designate staff to provide program and investment information for New Mexico. The Contract Administrator will be the primary contact person and facilitator for the contractor, will coordinate the work of the contractor and the other assigned staff and will assist the contractor to obtain system-related information, set up meetings and otherwise facilitate the work. The state support does not relieve the contractor of the primary responsibility for completion of assigned work on the project.

B. Mandatory Specifications

(1) Relevant Experience

(a) An offeror must submit a statement of relevant experience that includes evaluating investment policies, procedures and practices, including those associated with alternative investments. The experience should describe how the offeror has applied expertise similar to those anticipated as requirements of this project.

(b) An offeror must submit five (5) references of previous clients who have received similar services to those proposed by the offeror or a proposed subcontractor for this contract. Each reference must include the name of a contact person, address, telephone number and description of services provided.

(2) Staff Experience

An offeror must submit resumés of all proposed key staff members to be assigned to the project. The resumés or experience of each project staff member should demonstrate the member's understanding of investment polices and procedures, including alternative investments.

(3) Work Plan

(a) An offeror must submit a comprehensive work plan, including a project management chart describing the tasks to be performed, resources required and a time frame for completion of each task listed in the Scope of Work.

(b) An offeror must propose the use of a methodology for this project. The methodology must thoroughly describe how the contractor plans to use proposed staffing to accomplish the tasks described in the Scope of Work.

(4) Cost Proposal

An offeror must propose one (1) firm, fixed, all-inclusive project cost for the work proposed in the offer by completing the Cost Report Form, attached as Appendix D. New Mexico gross receipts taxes are excluded from the cost. They shall be shown separately on the invoice and will be reimbursed by the LCS. The form shall be included in a separate, cost-specific binder of the proposal. The firm, fixed, all-inclusive project cost shall include:

- (a) reasonable expenses for travel, lodging and meals;
- (b) attendance and presentations at meetings; and
- (c) cost of facilities, supplies, clerical support and contract management.

New Mexico gross receipts taxes are excluded from the proposed cost. These shall be shown separately on the invoice. The LCS will reimburse the contractor for gross receipts taxes.

An offeror may also propose an add-on cost for other investment agencies and such proposal will be considered, time and funding permitting.

V. EVALUATION

The Evaluation Committee will conduct a comprehensive, fair and impartial evaluation of proposals received in response to this RFP. The Evaluation Committee will be the sole judge in the selection of the finalists. Evaluation Committee members will be familiar with particular aspects of this procurement and standards or criteria for the specific areas of the RFP. The Evaluation Committee will evaluate each qualifying proposal on the basis of technical merit. Cost proposals will only be reviewed for offerors achieving an adequate score on technical merit.

A. Evaluation Process

(1) Each offeror's proposal will be reviewed for compliance with the mandatory requirements as stipulated within the RFP. Proposals deemed nonresponsive may be eliminated from further consideration.

(2) The Evaluation Committee may at its option waive requirements as specified in Section II, Paragraph D(19).

(3) The Procurement Manager may at his option contact an offeror for clarification of responses.

(4) The Evaluation Committee may use other sources of information to perform the evaluation as specified in Section II, Paragraph D(18).

(5) Responsive proposals will be evaluated on the factors in Section V, Paragraph B, which have been assigned a point value. The responsible offerors with the highest scores will be elected as finalists based upon the proposals submitted. Finalists may be asked to submit revised proposals for the purpose of making best and final offers and will have their points recalculated accordingly. The responsible offeror whose proposal is most advantageous to the State, taking into consideration the evaluation factors in Section V, Paragraph B, will be recommended by the committee for contract award to the LCS. Please note, however, that a serious deficiency in the response to any one factor may be grounds for rejection regardless of overall score.

B. Evaluation Point Table Summary of Factors

The following is a summary of evaluation factors and the point value assigned to each. These weighted factors will be used in the evaluation of the individual offeror proposals.

Factor	Points
(1) Relevant Firm Experience:	250
(2) Project Staff Expertise:	200
(3) Understanding of Review and Scope of Work:	200
(4) Proposed Methodology for Achieving Review Work Product:	150
(5) Cost:	200
Total	1,000

C. Evaluation Factors

Points will be awarded on the basis of the following evaluation factors:

(1) Relevant Experience

The offeror's relevant experience, including experience evaluating investment policies, procedures and practices, particularly with alternative investments and experience with tasks similar to those described in the Scope of Work.

(2) Project Staff Expertise

The offeror's staff experience of proposed project staff members on tasks similar to those described in the Scope of Work will be evaluated for quality of work delivered.

(3) Understanding of Review and Scope of Work

The offeror's work plan will be evaluated on completeness and the degree to which it indicates an understanding of the overall project and covers areas for each task listed in the Scope of Work.

(4) Proposed Methodology for Achieving Review Work Product

The offeror's methodology will be evaluated on the soundness of approach to accomplish the goals of the project and to successfully accomplish all tasks described in the Scope of Work.

(5) Cost

$$\frac{\text{Lowest Responsive Offer or Total Cost} \times 200}{\text{Offeror's Total Cost}} = \text{Award Points}$$

VI. SCOPE OF WORK

The contractor shall designate a project manager to coordinate the overall project with the contract administrator and designated staff of the investment agencies.

The contractor shall coordinate with the LCS and BOF as discussed in State Support (Section IV, Paragraph A(2)) for information required by the contractor, including an initial set of questions in preparation for interviews regarding the investment policies, procedures and practices.

The Contractor shall conduct a series of on-site or telephonic interviews, or both, with the investment agencies' governing board members, staff, investment advisors, fund managers and other appropriate participants regarding investment policies, procedures and practices, including the roles of the boards, staff and investment managers, both internal and external, and other relevant topics as directed by the LCS.

A. Governance and Organizational Structure

The contractor will perform a review of the governance and organizational structures of the SIC, the PERA and the ERB in terms of make-up of the respective governing bodies, appointments, terms and level of expertise required; qualifications and adequacy of staff; adequacy of budget and financial resources; and level of monitoring and oversight provided in policies, procedures and practices. Specifically, the contractor shall evaluate the adequacy of the policies concerning delineation of roles and responsibilities of the board, staff, investment managers and others with administrative or oversight responsibilities.

The contractor shall evaluate the lines of authority concerning investment decisions, including:

- (1) delegation of key functions for appropriateness, effectiveness and efficiency;
- (2) ability of staff to take actions independently;
- (3) actions that require notification to or approval by the governing board, including adequacy, consistency and timeliness in informing the respective board;
- (4) level of transparency in the decision-making process and sufficiency and timeliness in reporting to the legislature;
- (5) documentation and communication of the lines of authority;
- (6) comparison of the investment agencies' duties and responsibilities with other comparable investment and public pension funds and other state investment agencies;
- (7) appropriateness of board and staff controls, procedures and capabilities to regularly review and monitor the performance of the investments and the practices of investment managers, as well as ensuring compliance with policies; and
- (8) comparison of the governance provisions and practices to industry standards and best practices in comparable state investment and pension agencies.

B. Policies, Procedures and Practices

The contractor will perform a review of the policies, procedures and practices of each of the permanent and pension funds, including:

- (1) adequacy with respect to setting asset allocation targets in accordance with industry standards; selection of types of asset classes; and decision-making processes regarding allocation among the asset classes;
- (2) rationale and process for reallocation of assets, i.e., guidelines, triggers and procedures for reallocation;
- (3) appropriateness of the investment agency's long-term investment goals and risk tolerance of funds;
- (4) review of each agency's respective investment policies from a number of different perspectives to analyze for completeness and clarity as compared to industry standards and best practices;
- (5) appropriateness of absolute benchmarks and benchmarks comparable to peer funds for traditional and alternative investments; and

(6) investment agencies' current practices for evaluating alternative investment performance and how they compare to best practices, including recommendations to evaluate and safeguard New Mexico's funds in the alternative investment arena.

The contractor shall review and analyze the use of internal versus external asset management policies and processes, including:

(1) factors influencing the decision-making process to utilize external investment managers and advisors;

(2) selection of external investment managers and advisors;

(3) the scope of work of external investment managers and advisors, including the external investment management structure, the use of investment advisors and other external decision-making processes;

(4) the basis and methodology for the compensation of external investment managers and advisors and payments to others, if any;

(5) evaluation of the performance of external investment managers and the role and qualifications of placement agents or third-party marketers;

(6) applicable policies and procedures in conjunction with the various performance reports produced on a regular basis; and

(7) sufficiency of the nature, scope and frequency of the regular reports and how they compare with industry standards and best practices for state investment funds.

The contractor will compare the use of external investment managers and advisors to industry standards and best practices in comparable state investment and pension agencies.

C. Deliverables

The contractor shall provide a written report, plus ten (10) copies, with findings and recommendations that include but are not limited to:

(1) governance and oversight;

(2) content of investment policies and procedures vis-a-vis actual practices, including internal documentation and communication to the governing boards, legislature and other pertinent state agencies;

(3) practices involving selection, compensation and role of investment managers and advisors;

(4) policies and disclosure requirements relating to placement agents or third-party marketers, including implementation of the new law relating to disclosure by third-party marketers (Laws 2009, Chapter 152);

(5) policies and requirements dealing with ethical considerations such as conflict of interest, gifts, campaign contributions, disclosure and transparency;

(6) compliance and auditing practices; and

(7) legislation and rules, including recommended statutory or rule changes.

The contractor shall also provide individual written reviews and oral presentations to each of the governing boards of the investment agencies and written and oral presentations to the governor, the BOF, the New Mexico Legislative Council and the interim legislative Investments Oversight Committee.

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APPENDIX A

Acknowledgment of Receipt Form

REQUEST FOR PROPOSAL

ACKNOWLEDGMENT OF RECEIPT FORM

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

Only potential offerors who return this form will receive copies of all offeror written questions and the LCS's written responses to those questions as well as Request for Proposal amendments.

FIRM: _____

REPRESENTED BY: _____

TITLE: _____ PHONE NO.: _____

EMAIL ADDRESS: _____

FAX NO.: _____

MAILING ADDRESS: _____

CITY: _____ STATE: _____ ZIP CODE: _____

SIGNATURE: _____ DATE: _____

This name and address will be used for all correspondence related to the Request for Proposal.

Firm does/does not (circle one) intend to respond to this Request for Proposals.

Return this acknowledgment to arrive no later than July 22, 2009 at 5:00 p.m. Mountain Daylight Savings Time to:

Raúl E. Burciaga, Procurement Manager
Legislative Council Service
490 Old Santa Fe Trail, Suite 411
Santa Fe, NM 87501

APPENDIX B
COST REPORT FORM

SUMMARY OF PROPOSED COST

The offeror listed below submits the following firm, fixed, fully loaded project price to complete the requirements as outlined in this RFP for the State of New Mexico.

\$ _____

Offeror Name: _____

OR

Provide a formulated project cost using a firm, fixed, fully loaded hourly rate that results in a total project cost.

A. Describe the formula used to arrive at the project cost.

B. Maximum hourly rate: \$_____.

C. Total project cost: \$_____.

APPENDIX C

DISCLOSURE OF CAMPAIGN CONTRIBUTIONS FORM

CAMPAIGN CONTRIBUTION DISCLOSURE FORM

Pursuant to Laws 2006, Chapter 81, any prospective contractor seeking to enter into a contract with any state agency or local public body must file this form with that state agency or local public body. The prospective contractor must disclose whether the prospective contractor, 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 fifty dollars (\$250) over the two-year period.

THIS FORM MUST BE FILED BY ANY PROSPECTIVE CONTRACTOR WHETHER OR NOT THE PROSPECTIVE CONTRACTOR, A FAMILY MEMBER OR A 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.

"Contract" means any agreement for the procurement of items of tangible personal property, services, professional services or construction.

"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)

Signature

Date

Title (position)

— 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

Date

Title (Position)

APPENDIX D

DRAFT CONTRACT

Contract No. _____

STATE OF NEW MEXICO

Legislative Council Service

Agreement for _____

This Agreement for _____ ("Agreement") is made between the Legislative Council Service ("LCS"), an agency of the legislative branch of the State of New Mexico ("State"), and _____ ("Contractor") _____ and is the _____ renewal of Contract No. _____ pursuant to Paragraph _____ of that contract and the Request for Proposal _____ under which it was awarded to the Contractor.

In consideration of their mutual promises, the parties agree that:

1. **Scope of Work.** The Contractor will furnish the following _____ services to the LCS as generally requested and directed by the director of the LCS:

[Scope of work from RFP]

2. **Compensation.**

A. The LCS shall pay the Contractor as compensation for services rendered _____ dollars (\$_____). The total compensation to be paid the Contractor during the term of this Agreement shall not exceed _____ dollars (\$_____).

B. The LCS shall pay the Contractor the New Mexico gross receipts tax for which the Contractor is liable on the amount of compensation payable under this Agreement. The limitation of Subparagraph A of this paragraph does not include gross receipts tax passed on to the LCS.

C. Payment shall be made upon receipt and review by the LCS of a detailed statement from the Contractor of services rendered in the month preceding the month the bill is submitted. Billing shall not be made more frequently than monthly.

3. **Term.** This Agreement is effective on _____ (date) and shall continue in effect until _____ (date), unless it is terminated earlier pursuant to Paragraph 4 of this Agreement. It may be renewed during the last month of the term for an additional term of one year beginning on July 1 of the year of renewal, but renewals shall not exceed a total of three additional years. Provisions

of a renewal agreement shall be the same as the provisions of this Agreement except for the term and compensation provisions.

4. **Termination.** This Agreement may be terminated without cause by either of the parties upon written notice delivered to the other party at least 30 days prior to the intended date of termination. A termination pursuant to this provision does not nullify a party's obligations for performance or liabilities for failure to perform already incurred prior to the date of termination.

5. **Status of Contractor.** The Contractor is an independent contractor and is not an employee of the State.

6. **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 LCS. An approved assignment or transfer shall include a provision that binds the assignee or transferee to all terms and conditions of this Agreement.

7. **Subcontracting.** The Contractor shall not subcontract any portion of the services to be performed under this Agreement without the prior written approval of the LCS.

8. **Records and Audit.** The Contractor shall maintain detailed time records that indicate the date, time and nature of services rendered. These records shall be provided by the Contractor for inspection by the LCS and the State Auditor upon written request of the LCS. The LCS has the right to audit billings both before and after payment. Payment under this Agreement is not a waiver of the right of the LCS to recover excessive or illegal payments.

9. **Appropriations.** The continuation of this Agreement is contingent upon sufficient appropriations and authorizations for expenditures being made by the legislature to permit those payments. If sufficient appropriations and authorizations are not made by the legislature, this Agreement shall terminate upon the Contractor's receipt of written notice of termination from the LCS. The LCS's decision of whether sufficient appropriations and authorizations for expenditures have been made shall be accepted by the Contractor and shall be final.

10. **Release.** Upon receipt of final payment of the amount due under this Agreement, the Contractor shall release the LCS, its employees and the State from all liabilities, claims and obligations arising from or under this Agreement.

11. **Authority.** The Contractor agrees not to purport to bind the State to any obligation not assumed in this Agreement by the State, unless the Contractor has express written authority to do so, and then only within the strict limits of that authority.

12. **Application of the LCS's Laws and Policies to Contractor.** In performing services pursuant to this Agreement, the Contractor shall comply with the laws and policies of the LCS just as if the Contractor were a member of the LCS staff.

13. **Product of Services; Copyright.** All materials developed or acquired by the Contractor under this Agreement are the property of the State and shall be delivered to the LCS not later than the termination date of this Agreement. Nothing produced, in whole or in part, by the Contractor under this Agreement shall be the subject of an application for copyright by or on behalf of the Contractor.

14. **Conflict of Interest.** The Contractor warrants that the Contractor currently has no interest and shall not acquire any interest, direct or indirect, that does or would conflict in any manner or degree with the performance of services required under this Agreement. The Contractor further warrants that the Contractor has not violated the provisions of Section 10-16-8 or 10-16-13 NMSA 1978 by entering into this Agreement.

15. **Amendment.** This Agreement shall not be changed or supplemented except by a written instrument executed by the parties.

16. **Scope of Agreement.** This Agreement incorporates all the agreements and understandings between the parties concerning its subject matter, and all agreements and understandings have been merged into this Agreement. No prior or contemporaneous agreement or understanding, verbal or otherwise, of the parties or their agents concerning the subject matter of this Agreement is valid or enforceable unless included in this Agreement.

17. **Applicable Law.** This Agreement shall be governed by the laws of New Mexico.

18. **Notice.** This Agreement is subject to the applicable provisions of the Procurement Code. That act imposes civil and criminal penalties for its violation. In addition, the New Mexico criminal statutes impose felony penalties for bribes, illegal gratuities and kickbacks.

19. **Equal Opportunity Compliance.** The Contractor agrees to comply with all federal and state laws pertaining to equal employment opportunity. In accordance with all such laws, the Contractor agrees to assure that no person in the United States shall, on the grounds of race, color, national origin, gender, sexual orientation, age or handicap, be excluded from employment or participation in, be denied the benefits of or be otherwise subjected to discrimination under any program or activity performed under this Agreement. If the Contractor is found to be not in compliance with these requirements during the life of this Agreement, the Contractor agrees to take appropriate steps to correct these deficiencies.

STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE

By: _____
PAULA TACKETT, Director

_____, Contractor

Date: _____

Date: _____

N.M. Tax I.D. # _____

Federal Tax I.D. # _____