



REQUEST FOR PROPOSAL

Operational Review of Public Pension System

Issued May 3rd, 2018

**Responses due via email by
4:30pm CT on May 22nd, 2018**

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I. Introduction

SURS is seeking proposals from qualified candidates and eligible organizations for an operational review of the SURS organization. SURS strives to provide high quality, cost-effective and efficient service to its members and stakeholders. The objective of this review is to analyze SURS' current operations covering member services provided, claims processes in place, information technology systems used, staffing levels and space utilization to make recommendations regarding the most effective and efficient methods and structure to meet SURS' current and future organizational demands as compared to our peer group of similarly situated pension funds.

A proposer's preparation and submittal of a proposal or subsequent participation in presentations or contract negotiations creates no obligation on the System to award a contract or to pay any associated costs. All proposals and related materials will be retained by the System and will be subject to disclosure as required in accordance with the Illinois Freedom of Information Act.

II. Description of SURS

SURS is the administrator of a cost-sharing, multiple employer, public employee retirement system that provides retirement, survivor, disability and death benefits to employees of Illinois state universities, community colleges, and certain other affiliated organizations and agencies. SURS was created in 1941, by an act of the Illinois General Assembly, and is governed by the Illinois Pension Code (40 ILCS 5/15-101 *et seq.*). SURS provides benefit services to over 230,000 members who work for 61 employers. SURS is responsible for investing assets of more than \$19 billion in a diversified portfolio of U.S. and foreign stocks, bonds, real estate and alternative investments. SURS also administers a defined contribution plan, the Self-Managed Plan, which currently has assets of approximately \$2.2 billion. Northern Trust serves as SURS' Master Trustee Custodian.

An elected and appointed, eleven-person, Board of Trustees, governs SURS. The chairperson of the Board of Trustees is, by statute, the chairperson of the Illinois Board of Higher Education. Five members of the Board are appointed by the governor of the state of Illinois. The remaining six members of the Board are elected by participating members (four individuals) and annuitants (two individuals). Our trustees serve six-year terms. SURS is funded by participant payroll deductions and annual employer contributions provided by the state of Illinois. By statute, SURS is defined as a "body politic and corporate" created by Article 15 of the Illinois Pension Code.

SURS currently employs approximately 132 staff, located in 2 offices in Champaign and Naperville, Illinois. Two SURS employees are located in the Naperville office. The remaining SURS employees are situated in the Champaign office.

A copy of SURS' most recent Comprehensive Annual Financial Report (CAFR) is available for review, or to download, at www.surs.org.

The Illinois Governmental Ethics Act, 40 ILCS 420, provides guidelines for ethical practices concerning state and local pension plans. Respondent providers should be familiar with the provisions of this Act.

The Act also encourages the Board to increase the racial, ethnic, and gender diversity of its fiduciaries, to the greatest extent feasible within the bounds of financial and fiduciary prudence. In furtherance of this Act, SURS will use its best efforts to increase the racial, ethnic, and gender diversity of its vendors, consultants and investment managers.

A section of the Illinois Procurement Code concerning prohibitions of political contributions for vendors, 30 ILCS 500/50-37, may or may not apply to SURS investment managers or other service providers. However, each investment manager or service provider should be familiar with the provisions of this section and comply with this section if the investment manager or service provider deems it appropriate.

III. Services Required

SURS is seeking a firm to provide an assessment of SURS operations over the course of a six to eight week period. The assessment covers the following:

Processes, Services & Technologies

- Conduct an operational review of SURS
- Review and summarize current processes, services and technologies utilized to achieve organizational goals and meet member/stakeholder demands
- Measure outputs of processes, services and technologies against appropriate benchmarks and efficiency ratios based upon our peer group of similarly situated pension funds to determine current operational efficiency and effectiveness
- Provide explanations of methodology used and optimal results that can be achieved
- Determine cost-saving measures that could be implemented to improve overall efficiency
- Provide recommendations for software or other IT applications to reach efficiency goals
- Propose implementation strategies for recommendations provided
- Identify performance measures & appropriate benchmarks for assessing the effectiveness of recommendations that may be implemented

Staffing

- Review and summarize current staffing levels & workloads
- Forecast potential changes in workloads that could impact processing and staffing needs
- Identify whether staffing is appropriate to meet current and future organizational demands and provide recommendations

Space Utilization

- Review current space utilization and needs
- Forecast current and future space utilization needs based upon staffing, service, processing and technology recommendations
- Identify options for meeting space utilization needs and provide recommendations

IV. Minimum Qualifications

The responder's key professionals and/or organization must not have material conflicts with the SURS Board.

As of December 31, 2017, the responding candidate or organization must have a minimum of five

(5) years of experience conducting organizational reviews for a variety of entities, ideally including government agencies, non-profits and/or public pension funds, and must be familiar with the general operations of a public pension system. Individuals and entities that have specific experience and knowledge of public pension systems are strongly encouraged to respond.

V. Proposal Content

At a minimum, the proposal must include the following information to be considered for the engagement. For ease of review, each requirement should be addressed separately.

Cover Letter

A cover letter, which will be considered an integral part of the proposal package, in the form of a standard business letter, must be signed by an individual authorized to bind the proposer contractually. This cover letter must indicate the signer is so authorized, and must indicate the signer's title or position. An unsigned proposal will be rejected. The cover letter must also include:

- a. A statement that the proposal meets all requirements of this RFP, and that the offer tendered by the proposal will remain in full force and effect until, and may be accepted by SURS at any time prior to 30 days beyond the deadline for submittal.
- b. A disclosure of any current business relationship or any current negotiations for prospective business with SURS, or with any member of the Board of Trustees or SURS staff, or any party currently rendering services to SURS.
- c. A statement that the proposer acknowledges that all documents submitted in response to this RFP may be subject to disclosure under the Illinois Freedom of Information Act and/or the Illinois Open Meetings Act.

Statement of Minimum Qualifications

Proposers must complete and return the Minimum Qualifications Certification in the form contained in Appendix A.

Reference Checks

Reference checks will be conducted for each finalist.

Questionnaire

The questionnaire contained in Appendix B to this RFP must be completed and returned as part of the proposal

Fee Proposal

Proposers must submit their fee in the format prescribed in Appendix C. Any deviation from the prescribed format which in the opinion of SURS is material may result in the rejection of the proposal. The proposed fee shall include all costs and expenses for providing the services over the course of a six to eight week period as described in this RFP. Once finalists are selected, fees may be subject to a "best and final" offer process to be determined at the discretion of the System.

The fee proposal must expressly state that the proposed fees are guaranteed for the term of any resulting contract.

Contract

This Request for Proposal is neither a contract nor meant to serve as a contract.

It is anticipated that one or more of the proposals submitted in response to this Request for Proposal may be selected as the basis for negotiation of a contract with the proposer. Such a contract is presently contemplated to contain, at a minimum, the terms of the proposal submitted, as finally negotiated and approved by the System. SURS reserves the right to negotiate additions, deletions, or modifications to the terms of proposals submitted. However, the terms contained in Appendix D, Addendum to Contract, must be agreed to and accepted by the candidate or organization selected to perform the work contemplated by this RFP.

VI. Submission of Proposals

All proposals must be received no later than the deadline stated in the Anticipated Timeline and Contact Information section. Submissions must be made via email to the identified contact person by the stated deadline. Only email submissions will be accepted.

The proposals become the property of SURS upon submission. All costs for developing proposals and attending presentations and/or interviews are entirely the responsibility of the proposer and shall not be chargeable to SURS.

Only one proposal from an individual, firm, partnership, corporation, or combination thereof, will be considered for this assignment.

VII. Evaluation Process

Pre-Evaluation Review

All proposals will be reviewed to determine if they contain all the required submittals specified in this RFP. Those not submitting all required information in the prescribed format will be rejected.

Proposal Evaluation

All proposals received by the SURS representative on or before the deadline listed above will be reviewed to determine whether they meet the minimum requirements of this RFP.

All proposals received by deadline and pass the pre-evaluation review will undergo an evaluation process conducted by SURS staff. They will be reviewed to determine whether they meet the requirements of this RFP. SURS will consider the following factors in the evaluation process, ranked in no specific order, and will render a decision based on the perceived best fit and best value for the engagement. Fees will be one of the determining factors in this decision but will not be the primary determinative. Proposals will be evaluated based on criteria including:

- Understanding of the services requested
- Proposed methodology and work plan to be used in the process
- Proposed deliverables
- Relevant knowledge, experience and qualification of firm and team members including established record of success in similar work
- Commitment to diversity
- Willingness to negotiate contract terms
- Independence

- Cost
- References

Proposals that contain false or misleading statements or that provide references which do not support an attribute or condition claimed by the proposer will be rejected. Issuance of the Request for Proposal creates no obligation to award a contract or to pay any costs incurred in the preparation of a proposal. Nothing in this RFP or any resulting contract shall preclude SURS from procuring services similar to those described herein from other sources.

During the evaluation process, proposers may be requested to provide additional information and/or clarify contents of their proposal. Other than information requested by SURS, no proposer will be allowed to alter the proposal or add new information after the filing date.

Once finalists are selected, fees may be subject to a “best and final” offer process to be determined at the discretion of the System. If requested, semi-finalists should be prepared to participate in in-person interviews with SURS staff in Champaign, IL in late May and again with the SURS board of trustees during the SURS board meeting scheduled in Chicago, IL on June 7-8, 2018. The board may approve video-conferencing as an option for said interviews.

VIII. Anticipated Timeline and Contact Information

<u>RFP Schedule</u>	<u>Dates</u>
Quiet Period Begins	May 3, 2018
RFP Issued	May 3, 2018
Deadline for Responder Questions	May 11, 2018
Response to Questions	May 16, 2018
RFP Responses due 4:30 p.m. CT	May 22, 2018
Evaluations	May 23-25 2018
Semi-Finalist Interviews	May 29-June 1, 2018
Finalist Interviews	June 7 th & 8 th , 2018

SURS RFP Contact Information

Procurement Officer
Procurement_Officer@surs.org
 SURS
 1901 Fox Drive
 Champaign, IL 61825-2710

IX. Submission Process

Deadline

To be considered for selection, proposals must be received via e-mail in Adobe Acrobat format at Procurement_Officer@surs.org no later than **4:30 p.m. CT, May 22, 2018**. ***Please reference the “Operational Review RFP Response - Name of Responder” in your communications.*** An email confirmation will be sent confirming receipt of the proposal.

Withdrawal

A proposal may be withdrawn any time prior to the deadline by written notification signed by the individual applicant or authorized agent of the firm and received at Procurement_Officer@surs.org no later than the deadline of **4:30 p.m. CT, May 22, 2018**. **Please reference the “Operational Review RFP Response - Name of Responder” in your communications.** An email confirmation will be sent confirming withdrawal of the proposal. The proposal may be resubmitted with any modifications no later than the deadline. Modifications offered in any other manner will not be considered.

Questions

In order to clarify any issues in this Request for Proposal, SURS will respond only to questions that are presented in writing via e-mail to Procurement_Officer@surs.org. All questions should be submitted to SURS by **4:30 p.m. CT, May 11, 2018**. **Please reference the “Operational Review RFP Response - Name of Responder” in your communications.** These questions will be consolidated into a single Q&A document and responded to by SURS on, or about, Wednesday, May 16, 2018. The Q&A document will be posted on the SURS web site at www.surs.org/rfp without indicating the source of the query.

X. General Conditions

Freedom of Information Act Disclosure

All materials submitted in response to the RFP become property of SURS. Proposals remain confidential during the selection process. However, upon completion of the selection process, all responses, including that of the individual, vendor or firm selected, will be a matter of public information and will be open to public inspection in accordance with the state of Illinois Freedom of Information Act (FOIA).

If, in response to this RFP, trade secrets or commercial or financial information are furnished under a claim that they are proprietary, privileged or confidential and that disclosure of the trade secrets or commercial or financial information would cause competitive harm to the person or business responding to this RFP, such claim must be clearly made and such information must be clearly identified. (5 ILCS 140/7 and 7.5) **Responses to this RFP with every page marked as proprietary, privileged or confidential will not satisfy this requirement.** Bidders are required to make a good faith attempt to properly identify only those portions of the response that are truly furnished under a claim that they are proprietary, privileged or confidential and that disclosure of the trade secrets or commercial or financial information would cause competitive harm to the person or business responding to this RFP.

Redacted Version of RFP Response

In the event the Responder believes certain materials in the submitted response are exempt from public disclosure in accordance with language in Section V FOIA Disclosure, Responders are asked to provide a redacted version of the response it believes will be suitable for release under the Illinois Freedom of Information Act (5 ILCS 140/7 and 7.5)

However, any claim of privilege from disclosure is not definitive. SURS has the right and legal obligation to determine whether such information is exempt from disclosure under the Illinois Freedom of Information Act and no information will be considered or determined by SURS to be proprietary, privileged or confidential unless it is identified and separated as indicated herein. (5

ILCS 140/7 and 7.5)

Ordinary Course of Business Communications Allowed

Other than existing normal business matters, respondents, potential respondents, or their representatives should not contact anyone at SURS (including SURS staff, members of the SURS advisory committees and members of the SURS Board) other than the listed RFP contact. In addition, respondents must not discuss this RFP with any employee of SURS, trustee of SURS, employee of SURS' custodian, managers, legal counsel, or other advisors or persons/entities having contracts or other affiliations with SURS.

SURS Quiet Period Policy

Please note the following Quiet Period Policy establishing guidelines by which the SURS Board of Trustees and SURS Staff will communicate with prospective vendors or service providers during a search process. The Quiet Period for this RFP began on the date the RFP was issued: May 3rd, 2018.

1. The quiet period shall commence upon Committee action (or Board action if the selection is not initiated through a Committee) to authorize a search for a service provider and end once a selection has been made by the Board and accepted by the service provider;
2. Initiation, continuation and conclusion of the quiet period shall be publicly communicated via the SURS website (www.SURS.org) to prevent inadvertent violations;
3. All Board members, and SURS staff not directly involved in the search process, shall refrain from communicating with potential service providers regarding any product or service related to the search offered by the provider throughout the quiet period and shall refrain from accepting meals, travel, hotel, or other value from the providers;
4. Throughout the quiet period, if any Board member or SURS staff member is contacted by a potential service provider, the Board member or SURS staff member shall refer the provider to the SURS staff member directly involved in the search process;
5. All authority related to the search process shall be exercised solely by the relevant Committee or Board as a whole, and not by individual Board Members;
6. All information related to the search process shall be communicated by SURS staff to the relevant Committee or Board as a whole, and not to individual Board Members;
7. The quiet period does not prevent Board approved due diligence, client conference attendance, or communications with an existing service provider that happens to be a provider in the ordinary course of services provided by such service provider; however, discussions related to the pending selection shall be avoided during those activities;
8. The provisions of this policy will apply to potential service providers throughout the quiet period and shall be communicated to providers in conjunction with any competitive proposal

process; and

9. A potential service provider or vendor may be disqualified from a search process for a violation of the Quiet Period or any portion of this policy.

Rights Reserved

SURS reserves the right to amend any segment of the RFP prior to the announcement of a selected vendor/contractor. In such an event, all respondents will be afforded the opportunity to revise their proposals to accommodate the RFP amendment.

SURS reserves the right to remove any or all of the services from consideration for this contract. At its discretion, SURS may issue a separate contract for any service or groups of services included in this RFP. SURS may negotiate additional provisions to the contract awarded pursuant to this RFP.

SURS may request additional information from any or all bidders to assist in the evaluation of proposals, and SURS reserves the right to conduct background investigations of selected individuals or firms prior to awarding a contract under this RFP.

SURS does not bear any obligation to complete the RFP process or to select any individual(s) or firm(s). SURS also reserves the right without prejudice to reject any or all proposals submitted.

SURS will **NOT** reimburse any expenses incurred in responding to this RFP.

Equal Opportunity

SURS does not discriminate because of race, color, religion, creed, sex, sexual orientation, age, marital status, military status, certain unfavorable discharges from military service, political affiliation,

citizenship, ancestry, national origin, physical or mental handicap or disability or any other characteristic protected by law. It is the System's intent to comply with all state, federal, and local equal employment and opportunity laws and public policies.

Terms and Conditions

Following a review of submitted materials, *if requested*, selected individuals or organizations must be prepared to make a presentation or otherwise participate in an in-person interview in either Champaign, IL or in Chicago, IL with SURS staff members and/or members of the SURS board of trustees at a date and location to be determined by SURS. SURS will not provide reimbursement for any costs incurred by the individuals or organizations associated with this presentation. Prior to the award of a contract pursuant to this RFP, selected individuals or firms must provide all requested documentation.

Appendix A: Statement of Minimum Qualifications

(Firm Name) _____ certifies that it meets the following minimum qualifications.

Please initial each as applicable.

1. _____ The responder's key professionals and/or organization has no material conflicts with the SURS Board.
2. _____ As of December 31, 2017, the responder has a minimum of five (5) years of experience conducting organizational reviews for a variety of entities and is familiar with the general operations of a public pension system.

Signed: _____ Date: _____

Title: _____

Appendix B: Questionnaire

The following questionnaire must be completed and included with your response to this RFP. Type your responses in the same order as the questionnaire, listing the question first followed by your answer.

Contact and Company Information:

Name of Individual / Organization: _____

Mailing Address: _____

City: _____ State: _____

Zip Code: _____

Phone: _____

Fax: _____

Federal Employer Identification Number: _____

Contact Person(s):

Name: _____ Phone: _____ Title: _____

Fax: _____ Email: _____

Website: _____

Organization Background:

1. Please provide a general description and history of the organization, its operations (please include any history of mergers and/or acquisitions), year founded, ownership structure, biographies of the principals and percentage ownership by current employees.
2. Briefly describe your firm's background and history of providing operational reviews of various entities including any public pension systems.
3. Provide a brief, descriptive statement detailing evidence of the Respondent's ability to deliver the goods or services sought under this RFP.

Client Relationships:

1. Please provide three references (preferably one from a public pension fund client) from similar engagements that you/your firm have conducted in the last two years. By providing references, the proposer authorizes SURS to contact the reference to inquire about the proposer's services.

Appendix C: Fee Proposal

Please quote your flat fee for the following subject matter areas to be covered by this RFP. Please quote the rate for review over a six to eight week period and detail the scope of services and deliverables to be provided under the proposed engagement. Provide separate quotes for any additional services you recommend, if any, that are consistent with the operational review contemplated by this RFP. Please include detail regarding scope of services, deliverables and timeframe of the additional services.

Flat Rate for Six to Eight Week Review of SURS Operations

- A. Processes, Services & Technologies \$ _____
- B. Staffing \$ _____
- C. Space Utilization \$ _____

Rate for Additional Services Extending Beyond Primary Review Period

- A. Processes, Services & Technologies \$ _____
- B. Staffing \$ _____
- C. Space Utilization \$ _____

Appendix D: Addendum to Contract

ADDENDUM TO CONTRACT

In consideration of SURS entering into such contract, the Vendor/Contractor also agrees to the following:

- 1) If the Contractor is an individual, he or she certifies that he or she is not in default on an educational loan as provided in Section 3 of the Educational Loan Default Act, 5 ILCS 385/3.
- 2) The Contractor certifies that it is not barred from being awarded a contract or subcontract because of a conviction or admission of guilt for bribery or for bribing an officer or employee of the State of Illinois or any other state in that officer or employee's official capacity as provided in Section 50-5 of the Illinois Procurement Code, 30 ILCS 500/50-5.
- 3) The Contractor certifies that it will provide a drug free workplace by engaging in the conduct prescribed in Section 3 of the Drug Free Workplace Act, 30 ILCS 580/3.
- 4) The Contractor certifies that it is not barred from contracting with SURS because of a violation of either Section 33E-3 (bid-rigging) or 33E-4 (bid rotating) of Article 33E of the Criminal Code of 1961, 720 ILCS 5/33E.
- 5) The Contractor certifies that neither it nor any substantially owned affiliated company is participating or shall participate in an international boycott in violation of the provisions of the U.S. Export Administration Act of 1979 or the regulations of the U.S. Department of Commerce promulgated under that Act.
- 6) The Contractor certifies that no fees, commissions, or payments of any type have been or will be paid to any third party in connection with the contract to which this is an addendum, except as disclosed in the contract or an exhibit thereto as provided in 30 ILCS 500/50-25 and in 40 ILCS 5/1-145. The Contractor shall promptly notify SURS if it ever has reason to believe that this certification is no longer accurate.
- 7) To the extent Illinois law is applicable to Contractor, pursuant to 775 ILCS 5/2-105, Contractor agrees to:
 - a) Refrain from unlawful discrimination and discrimination based on citizenship status in employment and undertake affirmative action to assure equality of employment opportunity and eliminate the effects of past discrimination;
 - b) Comply with the procedures and requirements of the Illinois Department of Human Rights' regulations concerning equal employment opportunities and affirmative action;
 - c) Provide such information, with respect to its employees and applications for employment, and assistance as the Illinois Department of Human Rights may reasonably request; and
 - d) Have written sexual harassment policies that shall include, at a minimum, the following information:
 - i) The illegality of sexual harassment;
 - ii) The definition of sexual harassment under State law;
 - iii) A description of sexual harassment, utilizing examples;
 - iv) Contractor's internal complaint process including penalties;

- v) The legal recourse, investigative and complaint process available through the Illinois Department of Human Rights and the Illinois Human Rights Commission;
 - vi) Directions on how to contact the Illinois Department of Human Rights and the Illinois Human Rights Commission; and
 - vii) Protection against retaliation as provided by Section 6-101 of the Illinois Human Rights Act. A copy of the policies shall be provided to the Illinois Department of Human Rights upon request.
- 8) To the extent it applies to Contractor and this contract, Contractor agrees to comply with the Illinois Prevailing Wage Act, 820 ILCS 130/1, *et seq.*
 - 9) Contractor shall maintain, for a minimum of five (5) years after the completion of the contract, adequate books, records, and supporting documents to verify the amounts, recipients, and uses of all disbursements of funds passing in conjunction with the contract. Contractor shall further make all such books, records, and supporting documents related to the contract available for review and audit by the internal auditor of SURS and by the Illinois Auditor General and shall cooperate fully with any audit conducted by the internal auditor of SURS and the Illinois Auditor General and will further provide the internal auditor of SURS and the Illinois Auditor General full access to all relevant materials.
 - 10) Contractor agrees to notify the SURS Ethics Officer if it solicits or intends to solicit for employment any of the employees of SURS during the term of the contract.
 - 11) Contractor understands that SURS and this contract are subject to the provisions of the Illinois Open Meetings Act (5 ILCS 120/1, *et seq.*) and the Illinois Freedom of Information Act (5 ILCS 140/1, *et seq.*).
 - 12) Counterparts. This Agreement and Addendum may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement. The counterparts of this Agreement and Addendum may be executed and delivered by facsimile or other electronic signature by any of the parties to any other party and the receiving party may rely on the receipt of such document so executed and delivered by facsimile or other electronic means as if the original had been received.

Under penalties of perjury, Contractor certifies that _____ is its correct Federal Taxpayer Identification Number.

Contractor is doing business as a(n) (please circle applicable entity):

- | | | |
|---------------------|------------------------------|---|
| • Individual | • Sole Proprietorship | • Partnership |
| • Corporation | • Not-for-Profit Corporation | • Medical and Health Care Services Provider Corporation |
| • Real Estate Agent | • Governmental Entity | • Tax Exempt Organization (IRC 501(a) only) |
| • Trust or Estate | • Other:
_____ | |