



MINNESOTA STATE RETIREMENT SYSTEM (MSRS)



REQUEST FOR PROPOSAL (RFP)

Actuarial Services RFP 72

Date Posted: January 31, 2022

- Responses must be received not later than **3:00 p.m. Central Daylight Time (CDT), February 23, 2022.**
- Late responses will not be considered

Minnesota's Commitment to Diversity and Inclusion

The State of Minnesota is committed to diversity and inclusion in its public procurement process. The goal is to ensure that those providing goods and services to the State are representative of our Minnesota communities and include businesses owned by minorities, women, veterans, and those with substantial physical disabilities. Creating broader opportunities for historically under-represented groups provides for additional options and greater competition in the marketplace, creates stronger relationships and engagement within our communities, and fosters economic development and equality.

To further this commitment, the Department of Administration operates a program for Minnesota-based small businesses owned by minorities, women, veterans, and those with substantial physical disabilities. For additional information on this program, or to determine eligibility, please call 651-296-2600 or go to the Office of Equity in Procurement home page at www.mn.gov/admin/oep

SPECIAL NOTICE: This is a request for proposal. It does not obligate MSRS to award a contract or complete the proposed program, and MSRS reserves the right to cancel this solicitation if it is considered in its best interest.

TABLE OF CONTENTS

Solicitation Content

SECTION 1 – INSTRUCTIONS TO RESPONDERS	3
SECTION 2 – SUMMARY OF SCOPE	4
SECTION 3 – PROPOSAL INSTRUCTIONS AND ADDITIONAL INFORMATION	5
SECTION 4 – PROPOSAL CONTENT	6
SECTION 5 – EVALUATION PROCEDURE AND CRITERIA	7
SECTION 6 – SOLICITATION TERMS	9

Solicitation Attachments

- Attachment A: Responder Declarations
- Attachment B: Exceptions to State's Terms and Conditions
- Attachment C: Cost Detail with Cost Detail Template
- Attachment D: Responder Forms
 - Veterans Preference Form
 - Workforce Certification
 - Equal Pay Certificate Form

Sample Contract

- Exhibit A: Contract Terms
- Exhibit B: Insurance Requirements
- Exhibit C: Specifications, Duties, and Scope of Work Detail
- Exhibit D: Price

SECTION 1 – INSTRUCTIONS TO RESPONDERS

Steps for
Completing Your
Response

Follow the steps below to complete your response to this Solicitation:

- Step 1: Read the solicitation documents and ask questions, if any
- Step 2: Write your response
- Step 3: Submit your response

Incomplete
Submittals

A response must be submitted along with any required additional documents. Incomplete responses that materially deviate from the required format and content may be rejected.

STEP 1 – READ THE SOLICITATION DOCUMENT & ASK QUESTIONS, IF ANY

How to Ask
Questions

The contact person for questions is:

Kris Wenner, Contract Manager
Minnesota State Retirement System
kris.wenner@msrs.us

Questions should be emailed to the contact by **3:00 p.m. February 9, 2022**.
Other personnel are not authorized to answer questions regarding this Solicitation.

STEP 2 – WRITE YOUR RESPONSE

The Proposal Content section is in Section 4. Prepare a written response and supply all requested content. Responses should address the requested information and documents detailed in Section 4. **DO NOT INCLUDE** Non-Public/Trade Secret data (as defined by Minn. Stat. § 13.37).

Review, sign, and include the Responder Declarations with your response.

STEP 3 – SUBMIT YOUR RESPONSE

Where to Email
Your Response

Email your response instructions. Send Proposal and Cost Detail as two separate attached documents to one email submission: kris.wenner@msrs.us

Subject Line of Email to read “RFP 72; *Responder’s Company name*”

The two separate attached documents to the email should be named as follows:

- RFP 72 Proposal; *Responder’s Company name*
- RFP 72 Cost; *Responder’s Company name*

By submitting a response, your company is making a binding legal offer for the period of time set forth below in Section 6, Conditions of Offer.

Proposals must be received not later than **3:00 p.m. CDT February 23, 2022**. **Late responses will not be considered**, even if errors or delays were caused by issues outside of Responders’ control.

SECTION 2 – SUMMARY OF SCOPE

1. Procurement Overview and Goals.

The Minnesota State Retirement System (“MSRS” or “State”) requests proposals from qualified actuarial consulting firms interested in providing a range of actuarial services while functioning as actuarial advisor to the MSRS Board of Directors, the Executive Director of MSRS and staff. The firm awarded the resulting contract will provide various actuarial services which include consultation and advisory services, actuarial valuation services, experience studies, and other general duties. For purposes of entering into a consultant contract, this RFP complies with Minnesota Statutes 2020, Chapter 16C, and Minnesota Statutes 2020 Chapter 352.03, Subdivision 6 (6-7).

MSRS prefers that the Contractor consulting actuary have at least 15 years of experience providing actuarial services to major public employee retirement systems.

The goal of this RFP is to evaluate and select an actuarial firm who will serve as consulting actuary to the MSRS Board of Directors and the Executive Director of MSRS.

2. Scope of Work and Deliverables.

The selected Contractor shall conduct each actuarial valuation according to Minnesota Statutes Chapters 352 and 356 and the most recent Standards for Actuarial Work adopted by the Minnesota Legislative Commission on Pensions and Retirements for the State Employees Retirement Fund, State Patrol Retirement Fund, Correctional Employees Retirement Fund, and the Judges Retirement Fund.

At a high level, the selected Contractor shall perform the following Scope of Work Activities:

- ❖ General Duties such as loading and reconciling all MSRS census data.
- ❖ Consultation and Advisory Services such as preparing actuarial cost estimates of proposed legislation.
- ❖ Actuarial Valuations, including taking a multi-phased approach in performing traditional funding and Governmental Accounting Standards Board (GASB)-compliant financial reporting actuarial valuations.
- ❖ Extended contract services and deliverables such as stochastic modeling.
- ❖ Prepare experience studies of MSRS’ defined benefit retirement funds.
- ❖ Provide access and training to projection tools, such as tools that project funding status given various employee and employer contribution rates and post-retirement benefit increases on an as-needed basis.

All storage and processing of information shall be performed within the borders of the United States. This provision also applies to work performed by subcontractors at all levels.

For Scope of Work detail, see the **Sample Contract, Exhibit C**, Specifications, Duties, and Scope of Work Detail.

The selected Contractor shall provide actuarial services and deliverables that include, but not be limited to, those listed in the **Sample Contract, Exhibit C**. All services described will be performed under the direct supervision of a qualified actuary, a person who is regularly engaged in providing actuarial services and is a fellow in the Society of Actuaries. Subsequent Section 4, Proposal Content, will describe the how the Responder will show they meet the requirements.

The Contractor must obtain the MSRS Executive Director's prior written approval of any staff changes to the Actuarial Core Team assigned to provide actuarial services for the duration of the MSRS engagement, especially the principal consulting actuary assigned to MSRS.

The Contractor shall be permitted to use all information and data supplied by, or on behalf of, MSRS without having independently verified the accuracy or completeness of it except to the extent required by generally accepted professional actuarial standards and practices. If any documentation or information supplied to the Contractor at any time is not complete, accurate or up-to-date, or its provision is unreasonably delayed, then the Contractor shall not be responsible for any delays or liability arising from it and may be entitled to an increase in fees as mutually agreed between the parties. The Contractor shall notify MSRS of any obvious data errors or missing data.

3. **MSRS Responsibilities.**

At a high level MSRS will:

- ❖ Ensure timely access to MSRS personnel with appropriate business knowledge, and staff cooperation throughout the engagement.
- ❖ Ensure the timely delivery of membership data for actuarial valuation purposes and will provide timely feedback on draft actuarial valuation reports or schedules, and other draft deliverables, as deemed necessary.
- ❖ Provide a single point of contact for detailed orientation about MSRS and its defined benefit retirement plans, access to appropriate contract-related documentation and resources (e.g., census data file and data dictionary), and an escalation path. This individual will be responsible for coordinating meetings and ensuring a timely response to requests.
- ❖ Be responsible for distribution of the annual actuarial valuation reports.

Exhibit C shows more detail of MSRS responsibilities.

SECTION 3 – PROPOSAL INSTRUCTIONS AND ADDITIONAL INFORMATION

1. **Anticipated Contract Term.**

The term of this contract is anticipated to be from July 1, 2022 ending June 30, 2025, with the option to extend up to an additional two years in increments determined by the State.

2. **Question and Answer.**

MSRS anticipates that the answers to questions will be provided by February 11, 2022 at <https://www.msrs.state.mn.us/vendors> under Current MSRS Opportunities. MSRS is not obligated to answer questions submitted after the question due date and time; however; MSRS reserves the right to answer questions received after this date if it will improve the RFP.

Only personnel listed above are authorized to discuss this solicitation with Responders. Contact regarding this solicitation with any personnel not listed above could result in disqualification. This provision is not intended to prevent Responders from seeking guidance from state procurement assistance programs regarding general procurement questions.

If a Responder discovers any significant ambiguity, error, conflict, discrepancy, omission, or other deficiency in the solicitation, please immediately notify kris.wenner@msrs.us in writing of such error and request modification or clarification of the document.

SECTION 4 – PROPOSAL CONTENT

Proposals submitted in response to this RFP should contain certain necessary information essential to MSRS for understanding and evaluating the proposals. The emphasis of the proposal should be on the consulting actuary's ability to satisfy the requirements of this RFP. Information submitted in the proposal must be current, complete, and accurate. Misrepresentations of proposal data will be grounds for rejection of the proposal or cancellation of the contract (if one has been awarded) and legal remedies may be sought.

MSRS assumes no liability for risks or payment of expenses incurred by consulting actuaries in preparing and submitting proposals or if any travel-related expenses incurred in the interview of finalists prior to the contract award. COVID-19 Protocols and requirements may require change for both MSRS and the Responder to adjust from in person interviews that require travel to virtual interviews for finalists. All materials submitted in response to this RFP will become property of MSRS. Materials received will be considered public information and will be open to public inspection with the Minnesota Data Practices Act after the contract negotiation process is complete.

Please submit the following information:

1. A **cover letter** that identifies the Responder's address and primary point of contact for the RFP. The cover letter should include a statement about the objectives, goals and tasks of the RFP to demonstrate the Responder's view and understanding of the nature of the contract. Cover letter should disclose if there are any plans for a merger with another firm that could impact your ability to deliver the services in this RFP. Disclosure to also include the nature and financial impact of any litigation that involves your firm that could impair the ability to deliver these services to MSRS if not settled in firm's favor.
2. A **description of the deliverables** to be provided by the Responder with a detailed work plan that identifies how it will accomplish the major tasks described in **Sample Contract Exhibit C**. Responder should provide a description of its internal control structure, design and systems to protect MSRS data from unauthorized use or access. Responder should also provide its most recently audited financial statements or disclose the reason for not providing them. Responder will provide MSRS staff the opportunity to review its most recent Service Organization Control (SOC) report.
3. An **outline of the Responder's background and experience with examples of similar work** done by the Responder. List the Staffing and Personnel by Classification with resumes for who will provide actuarial services, detailing their training and work experience. Staffing list to include years of experience providing actuarial services to major public employee retirement systems for each Personnel by Classification. The resumes should detail the individuals' training and work experience with public employee retirement systems. The listing of personnel should include professional credentials including the Fellow in the Society of Actuaries (FSA), where applicable. Resumes or other information about project personnel should not contain personal telephone numbers, home addresses, or home email addresses. If it is necessary to include personal contact information, please clearly indicate in the response that personal contact information is being provided.

4. **Cost Detail**

Using the template provided in Attachment C, Cost Detail, identify the level of MSRS's tasks and responsibilities and participation in the contract as well as any other services to be provided by MSRS. Add

columns as necessary to include all pertinent information. The hourly billing rate for each actuarial consultant level and administrative support staff should be provided.

Submit all requested documentation, including, but not limited to, the following documents:

1. Attachment A: Responder Declarations
2. Attachment B: Exceptions to State's Standard Terms and Conditions
3. Attachment C: Cost Detail with Cost Detail Template
4. Attachment D: Responder Forms
 - a. Veterans Preference Form
 - b. Workforce Certification
 - c. Equal Pay Certificate Form

DO NOT INCLUDE Non-Public/Trade Secret data (as defined by Minn. Stat. § 13.37).

SECTION 5 – EVALUATION PROCEDURE AND CRITERIA

MSRS will conduct an evaluation of responses using the two-tier scoring methodology described below.

TIER 1

Phase 1 - Responsiveness and Pass/Fail Requirements. MSRS will first review and evaluate each proposal for responsiveness to determine if the Responder satisfies all mandatory requirements on a pass/fail basis.

Mandatory Requirements. The following will be considered on a pass/fail basis:

- ❖ Proposals must be received on or before the due date and time specified in this solicitation.
- ❖ Proposals must specify that services will be performed by a qualified actuary. This is defined as a person regularly engaged in the business of providing actuarial services *and* is a Fellow in the Society of Actuaries. See Minnesota Statutes 356.215, subdivision 1(c) at <https://www.revisor.mn.gov/statutes/cite/356.215>

Phase 2 - Evaluate Responses. All Proposals that have passed the mandatory requirements will be evaluated in Tier 1 by a team of MSRS staff. Proposals that fail to meet the minimum requirements will not advance to this Phase 2 of the evaluation process.

In Tier 1, a 1000-point scale will be used to score the proposals and determine the final selected Contractor recommendation. The technical component is 90% of total points and the cost component is 10% of total score. Responses will be rated as follows and the factors and weighting on which responses will be judged are:

Criteria	Points
Expressed understanding of work plan objectives	100
Deliverables, work plan and project management approach	400
Qualifications and experience of personnel working on project	400
Cost Detail	100
Total	1000

Cost Detail

Cost calculation formula is: $\frac{\text{Low Price}}{\text{Price Being Evaluated}} \times \text{Maximum Cost Points} = \text{Cost Score}$

For the purposes of cost scoring, MSRS will use the Total Cost Proposed for Year 1, Year 2 and Year 3, Attachment C, Cost Detail.

When using Attachment C, Cost Detail with Cost Detail Template, all grey shaded boxes must have a price. If no cost, insert Zero \$0 into the corresponding box. Staffing and Personnel by Classification shall list only one hourly rate per position classification. Prices listed by the Responder on the Cost Detail shall include all costs including, but not limited to fees, insurance costs and overhead.

Preference Points (if applicable) 60 points (in addition to 1,000 available) are described in Section 6 under Solicitation Terms, item 13 for Targeted Group, Economically Disadvantaged Business, Veteran-Owned and Individual Preference. Preferences points as described under Solicitation Terms, will be applied to the total score after points have been awarded. Each Responders' total score in Tier 1 will consist of the technical score, cost score, and preference points, if applicable.

Phase 3: Shortlist. Each Responder will be ranked based on each Responder's Tier 1 total score. MSRS will shortlist the highest scoring Responders by determining the natural break in Responders' scores. Only the highest scoring Responders in Tier 1 will be considered and advance to interviews in Tier 2.

After the shortlist has been determined, MSRS will notify these Responders, provide them with the interview questions and schedule the in person or virtual Tier 2 interviews.

Select Finalists will be given the same amount of time and asked the same questions.

TIER 2

Phase 1 - Evaluate Responders. All of the highest scoring Responders' scores from Tier 1 will be re-set to zero prior to beginning Tier 2. A team of MSRS staff and a team of MSRS Board members will jointly perform interviews and observe the shortlist Responders.

In Tier 2, the technical component is 60% of total points and **includes all new information not considered in Tier 1**; the cost component is 40% of the total score.

Responders will be rated as follows and the factors and weighting on which responses will be judged are:

Criteria	Points
Interview	600
Cost Detail	400
Total	1000

Cost Detail

Cost calculation formula is: $\frac{\text{Low Price}}{\text{Price Being Evaluated}} \times \text{Maximum Cost Points} = \text{Cost Score}$

For the purposes of cost scoring, MSRS will use the Total Cost Proposed for Year 1, Year 2 and Year 3, Attachment C, Cost Detail.

Cost Detail points will be determined using the same Attachment C: Cost Detail with Cost Detail Template that was used in Tier 1. All grey shaded boxes must have a price. If no cost, insert Zero \$0 into the corresponding box. Staffing and Personnel by Classification shall list only one hourly rate per position classification. As stated in Tier 1, prices listed by the Responder on the Cost Detail shall include all costs including, but not limited to, fees, insurance costs, overhead, profit and direct costs.

Preference Points (if applicable) 60 points (in addition to 1,000 available) are described in Section 6 under Solicitation Terms, item 13 for Targeted Group, Economically Disadvantaged Business, Veteran-Owned and Individual Preference will be applied to the total score after points have been awarded. Each Responders' total score in Tier 2 will consist of the technical score, cost score, and preference points, if applicable.

Phase 2 - Select Finalist.

- A team of MSRS staff and MSRS Board of Directors will make its selection based on best value.
- MSRS will begin negotiating with the highest scoring Responder in Tier 2. MSRS reserves the right to pursue negotiations on any exception taken to the State's standard terms and conditions. In the event that negotiated terms cannot be reached, MSRS reserves the right to terminate negotiations and begin negotiating with the next highest scoring responder. Names of Responders moving on to Phase 2 will be nonpublic information during the evaluation and selection process.

It is anticipated that the evaluation and selection will be completed by June 30, 2022, however; results will not be available until the Contract is in place. All Responders will receive a letter with the results of the RFP after the contract is in place. Anyone may obtain the results by submitting a Public Data Request in writing.

Written requests can be mailed, hand-delivered, or emailed to the MSRS office:

Minnesota State Retirement System
Attn: Legislative Liaison
60 Empire Drive Suite 300
St Paul, Minnesota 55101-855
info@msrs.us

Requesting parties should indicate in their request:

- a. That they are requesting Public Data under the "Government Data Practices Act" or "Minnesota Statutes, Chapter 13.
- b. Whether they would like to inspect the data, have copies made of the data, or both.
- c. A clear description of the data they would like to inspect or have copied.

SECTION 6 – SOLICITATION TERMS

1. Competition in Responding

The State and MSRS desire open and fair competition. Questions from Responders regarding any of the requirements of the Solicitation must be submitted in writing to kris.wenner@msrs.us before the due date and time. If changes are made, MSRS will issue an addendum and it would be posted at <https://www.msrs.state.mn.us/vendors>

Any evidence of collusion among Responders in any form designed to defeat competitive responses will be reported to the Minnesota Attorney General for investigation and appropriate action.

2. Addenda to the Solicitation

Changes to the Solicitation will be made by addendum with notification and posted in the same manner as the original Solicitation. Any addenda issued will become part of the Solicitation.

3. Data Security - Foreign Outsourcing of Work is prohibited

All storage and processing of information shall be performed within the borders of the United States. This provision also applies to work performed by subcontractors at all levels.

4. Joint Ventures

The State allows joint ventures among groups of Responders when responding to the solicitation. However, one Responder must submit a response on behalf of all the others in the group. The Responder that submits the response will be considered legally responsible for the response (and the contract, if awarded).

5. Withdrawing Response

A Responder may withdraw its response prior to the due date and time of the Solicitation. A Responder may withdraw its response by notifying Kris Wenner in writing; kris.wenner@msrs.us of the desire to withdraw.

After the due date and time of this Solicitation, a Responder may withdraw a response only upon showing that an obvious error exists in the response. The showing and request for withdrawal must be made in writing to kris.wenner@msrs.us within a reasonable time and prior to the MSRS's detrimental reliance on the response.

6. Rights Reserved

MSRS reserves the right to:

- Reject any and all responses received;
- Waive or modify any informalities, irregularities, or inconsistencies in the responses received;
- Negotiate with the highest scoring Responder[s];
- Terminate negotiations and select the next response providing the best value for MSRS;
- Consider documented past performance resulting from a State contract may be considered in the evaluation process;
- Short list the highest scoring Responders;
- Require Responders to conduct presentations, demonstrations, or submit samples;
- Interview key personnel or references;
- Request a best and final offer from one or more Responders;
- Request additional information; and
- Use estimated usage or scenarios for the purpose of conducting pricing evaluations. MSRS reserves the right to modify scenarios, and to request or add additional scenarios for the evaluation.

7. Samples and Demonstrations

Upon request, Responders are to provide samples to MSRS at no charge. Except for those destroyed or mutilated in testing, MSRS will return samples if requested and at the Responder's expense. All costs to conduct and associated with a demonstration will be the sole responsibility of the Responder.

8. Responses are Nonpublic during Evaluation Process

All materials submitted in response to this Solicitation will become property of the State. During the evaluation process, all information concerning the responses submitted will remain private or nonpublic and will not be disclosed to anyone whose official duties do not require such knowledge. Responses are private or nonpublic data until the completion of the evaluation process as defined by Minn. Stat. § 13.591. The completion of the evaluation

process is defined as the State having completed negotiating a contract with the selected responder. MSRS will notify all responders in writing of the evaluation results.

9. Trade Secret Information

- 9.1 Responders must not submit as part of their response trade secret material, as defined by Minn. Stat. § 13.37.
- 9.2 In the event trade secret data are submitted, Responder must defend any action seeking release of data it believes to be trade secret, and indemnify and hold harmless the State, its agents and employees, from any judgments awarded against the State in favor of the party requesting the data, and any and all costs connected with that defense.
- 9.3 The State does not consider cost or prices to be trade secret material, as defined by Minn. Stat. § 13.37.
- 9.4 A Responder may present and discuss trade secret information during an interview with the State, if applicable.

10. Conditions of Offer

Unless otherwise approved in writing by MSRS, Responder’s cost proposal and all terms offered in its response that pertain to the completion of professional and technical services and general services will remain firm for 180 days, until they are accepted or rejected by MSRS, or they are changed by further negotiations with MSRS prior to contract execution.

11. Award

Any award that may result from this solicitation will be based upon the total accumulated points as established in the solicitation. MSRS reserves the right to award this solicitation to a single Responder, or to multiple Responders, whichever is in the best interest of the State, providing each Responder is in compliance with all terms and conditions of the solicitation. MSRS reserves the right to accept all or part of an offer, to reject all offers, to cancel the solicitation, or to re-issue the solicitation, whichever is in the best interest of the State.

12. Requirements Prior to Contract Execution

Prior to contract execution, a Responder receiving a contract award must comply with any submittal requests. A submittal request may include, but is not limited to, a Certificate of Insurance.

13. Targeted Group, Economically Disadvantaged Business, Veteran-Owned and Individual Preference

Unless a greater preference is applicable and allowed by law, in accordance with Minn. Stat. § 16C.16, businesses that are eligible and certified by the State as targeted group (TG) businesses, economically disadvantaged (ED) businesses, and veteran-owned businesses will receive points equal to 6% percent of the total points available as preference.

For TG/ED/VO certification and eligibility information visit the Office of Equity in Procurement website at <https://mn.gov/admin/business/vendor-info/oep/> or call the Division’s Helpline at 651.296.2600.

14. Reciprocity

The State shall comply with Minn. Stat. § 16C.06, subd. 7, as that applies to a non-resident vendor. This paragraph does not apply for any project in which federal funds are expended.

ATTACHMENT A: RESPONDER DECLARATIONS

The undersigned certifies, to the best of their knowledge and belief, that:

- A. **Response Contents.** The information provided is true, correct, and reliable for purposes of evaluation for potential contract award. The submission of inaccurate or misleading information may be grounds for disqualification from the award as well as subject the Responder to suspension or debarment proceedings as well as other remedies available by law.
- B. **Authorized Signature.** This Declaration is signed by the appropriate person(s), with the authority to contractually bind the Responder, as required by applicable articles, bylaws, resolutions, minutes, and ordinances.
- C. **Non-Collusion Certification.**

The Proposal has been arrived at by the Responder independently and has been submitted without collusion and without any agreement, understanding or planned common course of action with any other vendor designed to limit fair or open competition; and

The contents of the Response have not been communicated by the Responder or its employees or agents to any person not an employee or agent of the Responder and will not be communicated to any other individual prior to the due date and time of this Solicitation. Any evidence of collusion among Responders in any form designed to defeat competitive responses will be reported to the Minnesota Attorney General for investigation and appropriate action.

- D. **Organizational Conflicts of Interest.** To the best of Responder's knowledge and belief, and except as otherwise disclosed, there are no relevant facts or circumstances which could give rise to an organizational conflict of interest. An organizational conflict of interest exists when, because of existing or planned activities or because of relationships with other persons,
 - 1. a vendor is unable or potentially unable to render impartial assistance or advice to the State;
 - 2. the vendor's objectivity in performing the contract work is or might be otherwise impaired; or
 - 3. the vendor has an unfair competitive advantage.

If after award, an organizational conflict of interest is discovered, an immediate and full disclosure in writing must be made to the State's Chief Procurement Officer which must include a description of the action which the contractor has taken or proposes to take to avoid or mitigate such conflicts. If an organizational conflict of interest is determined to exist, the State may, at its discretion, cancel the contract. In the event the Contractor was aware of an organizational conflict of interest prior to the award of the contract and did not disclose the conflict to Office of State Procurement (OSP), the State may terminate the contract for default. Organizational conflicts of interest terms apply to any subcontractors for this work.

- E. **Certification Regarding Lobbying.** For State of Minnesota Contracts and Grants over \$100,000, the undersigned certifies, to the best of his/her/their knowledge and belief that:
 - 1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying in accordance with its instructions.
3. The undersigned shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into and is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

- F. **Copyrighted Material Waiver.** By signing its Response, the Responder certifies that it has obtained all necessary approvals for the reproduction and distribution of the contents of its response.
- G. **Diverse Spend Reporting.** The Sample Contract contains a clause for Diverse Spend Reporting. When this clause applies, Contractor will be required to register in a free portal to report diverse spend.

Please see Diverse Spend Reporting Frequently Asked Questions https://mn.gov/admin/assets/Diverse%20Spend%20Reporting%20FAQ_tcm36-394274.pdf for additional information.

By signing this form, Responder acknowledges and certifies compliance with all applicable requirements indicated above.

Company Name: _____

Signature: _____

Printed Name: _____

Title: _____

Date: _____

Phone Number: _____

Email Address: _____

ATTACHMENT B: EXCEPTIONS TO STATE'S TERMS AND CONDITIONS

The State presumes a responder agrees to the terms and conditions of this solicitation unless a responder takes specific exception to one or more of the conditions on this form.

The State reserves the right to reject, negotiate, or accept any exception listed to the State's terms and conditions (including those found in the attached Sample Contract).

INSTRUCTIONS: A responder must explicitly list all exceptions to State's terms and conditions, if any (including those found in the attached Sample Contract). Reference the clause number and page number of the State's term and condition for each of a responder's exceptions. If no exceptions exist, state "NONE" specifically on the form below. Whether or not exceptions are taken, the Responder must sign and date this form and submit it as part of their response. *(Add additional pages if necessary.)*

Clause and Page Number	Suggested Change to Clause	Explanation or Justification

By signing this form, I acknowledge that the above-named responder accepts, without qualification, all terms and conditions stated in this solicitation (including the Sample Contract) except those clearly outlined as exceptions above.

Signature: _____

Printed Name: _____

Title: _____

Date: _____

ATTACHMENT C: COST DETAIL Template

See separate Microsoft Word Document for Attachment C – Cost Detail Template

ATTACHMENT D: RESPONDER FORMS

**STATE OF MINNESOTA
VETERAN-OWNED PREFERENCE FORM**

Unless a greater preference is applicable and allowed by law, in accordance with Minn. Stat. §16C.16, subd. 6a, the State will award a 6% preference on State procurement to certified small businesses that are majority owned and operated by veterans.

Veteran-Owned Preference Requirements - See Minn. Stat. § 16C.19(d):

- 1) The business has been certified by the Office of Equity in Procurement as being a veteran-owned or service-disabled veteran-owned small business.

or

- 2) The principal place of business is in Minnesota AND the United States Department of Veterans Affairs verifies the business as being a veteran-owned or service-disabled veteran-owned small business under Public Law 109-461 and Code of Federal Regulations, title 38, part 74 (Supported By Documentation).

Statutory requirements and appropriate documentation must be met **by the solicitation response due date and time** to be awarded the veteran-owned preference.

Claim the Preference

By signing below, I confirm that:

My company is claiming the veteran-owned preference afforded by Minn. Stat. § 16C.16, subd. 6a. By making this claim, I verify that:

- The business has been certified by the Office of Equity in Procurement as being a veteran-owned or service-disabled veteran-owned small business.

or

- My company's principal place of business is in Minnesota **and** the United States Department of Veteran's Affairs verifies my company as being a veteran-owned or service-disabled veteran-owned small business (Supported By Attached Documentation)

Name of Company: _____ Date: _____

Authorized Signature: _____ Telephone: _____

Printed Name: _____ Title: _____

Attach documentation, sign, and return this form with your solicitation response to claim the veteran-owned preference.

STATE OF MINNESOTA – WORKFORCE CERTIFICATE INFORMATION

Information required for ALL bids or proposals that could exceed \$100,000

Complete Box A or B of this form, and sign and return it with your bid or proposal. A Workforce Certificate or exemption from the Minnesota Department of Human Rights (MDHR) is required to execute a contract in excess of \$100,000 under Minn. Stat. §363A.36.

BOX A – COMPANIES that have employed 40 or more full-time employees in this state or a state where the business has its primary place of business on any single working day during the previous 12 months, check one option below:

- Attached is our current Workforce Certificate issued by the Minnesota Department of Human Rights (MDHR).
- Attached is confirmation that MDHR received our application for a Minnesota Workforce Certificate on _____ (date).
- Our company does not yet have a Workforce Certificate, but we acknowledge that a Workforce Certificate is required before a contract in excess of \$100,000 can be executed with the State of Minnesota or other covered entities.

BOX B – EXEMPT COMPANIES that have not employed 40 or more full-time employees on a single working day in Minnesota or any state where it has its primary place of business during the previous 12 months, check option below if applicable:

- We attest to MDHR that we are exempt. If our company is awarded a contract, upon request, we will submit to MDHR within 5 business days after the contract is signed, the names of our employees during the previous 12 months, the date of separation, if applicable, and the state in which the persons were employed. Send to compliance.MDHR@state.mn.us.

Signature

By signing this statement, I certify that the information provided is accurate and that I am authorized to sign on behalf of the company.

Name of Company

Authorized Signature

Date

Printed Name

Phone Number

Title

For assistance with this form, contact:

Minnesota Department of Human Rights

Web: <http://mn.gov/mdhr/>

Toll Free: 1-800-657-3704

Email: compliance.mdhr@state.mn.us

MN Relay: 711/ 1-800-627-3529

Rev. 7/21

**STATE OF MINNESOTA
EQUAL PAY CERTIFICATE**

If your response could be in excess of \$500,000, please complete and submit this form with your submission. **It is your sole responsibility to provide the information requested and when necessary to obtain an Equal Pay Certificate (Equal Pay Certificate) from the Minnesota Department of Human Rights (MDHR) prior to contract execution. You must supply this document with your submission.** Please contact MDHR with questions at: 651-539-1095 (metro), 1-800-657-3704 (toll free), 711 or 1-800-627-3529 (MN Relay) or at compliance.MDHR@state.mn.us.

Option A – If you have employed 40 or more full-time employees on any single working day during the previous 12 months in Minnesota or the state where you have your primary place of business, please check the applicable box below:

- Attached is our current MDHR Equal Pay Certificate.
- Attached is MDHR’s confirmation of our Equal Pay Certificate application.

Option B – If you have not employed 40 or more full-time employees on any single working day during the previous 12 months in Minnesota or the state where you have your primary place of business, please check the box below.

- We are exempt. We agree that if we are selected we will submit to MDHR within five (5) business days of final contract execution, the names of our employees during the previous 12 months, date of separation if applicable, and the state in which the persons were employed. Documentation should be sent to compliance.MDHR@state.mn.us.

The State of Minnesota reserves the right to request additional information from you. **If you are unable to check any of the preceding boxes, please contact MDHR to avoid a determination that a contract with your organization cannot be executed.**

Your signature certifies that you are authorized to make the representations, the information provided is accurate, the State of Minnesota can rely upon the information provided, and the State of Minnesota may take action to suspend or revoke any agreement with you for any false information provided.

Authorized Signature	Printed Name	Title
----------------------	--------------	-------

Organization	MN/FED Tax ID#	Date
--------------	----------------	------

Issuing Entity	Project # or Lease Address
----------------	----------------------------

NOTE: As stated in Attachment B, if you take exception to any of the terms, conditions or language in the contract, you must indicate those exceptions in your response to the RFP; certain exceptions may result in your proposal being disqualified from further review and evaluation. Only those exceptions indicated in your response to the RFP will be available for discussion or negotiation.



State of Minnesota Contract

SWIFT Contract No.:

This Contract is between the State of Minnesota, acting through the Executive Director of the Minnesota State Retirement System, 60 Empire Drive, St. Paul, Minnesota, 55103 (“MSRS” or “State”) and _____ whose designated business address is _____ (“Contractor”). MSRS and Contractor may be referred to jointly as “Parties.”

Recitals

1. MSRS issued a solicitation identified as RFP72 on January 31, 2022 for Actuarial Services (“Solicitation”);
2. Contractor provided a response to the Solicitation indicating its interest in and ability to provide the goods or services requested in the Solicitation; and
3. Subsequent to an evaluation in accordance with the terms of the Solicitation and negotiation, the Parties desire to enter into a contract.

Accordingly, the Parties agree as follows:

Contract

1. Term of Contract

- 1.1 Effective date. July 1, 2022, or the date the State obtains all required signatures under Minn. Stat. § 16C.05, subd. 2, whichever is later. The Contractor must not begin work under this Contract until this Contract is fully executed and the Contractor has been notified by the MSRS’ Authorized Representative to begin the work.
- 1.2 Expiration date. June 30, 2025, or until all obligations have been satisfactorily fulfilled, whichever occurs first. The contract may be extended for up to an additional five years, in one year increments, or as determined by the State, through a duly executed amendment.

2. Contractor’s Duties

The Contractor shall perform all duties described in this Contract to the satisfaction of the MSRS.

The Contractor, who is not a State employee, shall perform the duties specified in Exhibit C: Specifications, Duties, and Scope of Work Detail.

3. Representations and Warranties

- 3.1 Under Minn. Stat. §§ 15.061 and 16C.03, subd. 3, and other applicable law the State is empowered to engage such assistance as deemed necessary.
- 3.2 Contractor warrants that it is duly qualified and shall perform its obligations under this Contract in accordance with the commercially reasonable standards of care, skill, and diligence in Contractor's industry, trade, or profession, and in accordance with the specifications set forth in this Contract, to the satisfaction of the State.
- 3.3 Contractor warrants that it possesses the legal authority to enter into this Contract and that it has taken all actions required by its procedures, by-laws, and applicable laws to exercise that authority, and to lawfully authorize its undersigned signatory to execute this Contract, or any part thereof, and to bind Contractor to its terms.

4. Time

The Contractor must comply with all the time requirements described in this Contract. In the performance of this Contract, time is of the essence.

5. Consideration and Payment

5.1 Consideration. MSRS will pay for performance by the Contractor under this Contract as follows:

5.1.1 Compensation. The Contractor shall be paid in accordance with the breakdown of costs as set forth in Exhibit D which is attached and incorporated into this Contract.

5.1.2 Travel expenses. If applicable, reimbursement for travel and subsistence expenses actually and necessarily incurred by the Contractor as a result of this Contract will not exceed \$0.00; provided that the Contractor will be reimbursed for travel and subsistence expenses in the same manner and in no greater amount than provided in the current "Commissioner's Plan" established by the Commissioner of Minnesota Management and Budget which is incorporated in to this Contract by reference and may be viewed at <http://www.mmd.admin.state.mn.us/commissionersplan.htm>. The Contractor will not be reimbursed for travel and subsistence expenses incurred outside Minnesota unless it has received the State's prior written approval for out-of-state travel. Minnesota will be considered the home state for determining whether travel is out of state.

5.1.3 Total obligation. The total obligation of the State for all compensation and reimbursements to the Contractor under this Contract will not exceed \$_____.

5.2 Payment.

5.2.1 Invoices. MSRS will promptly pay the Contractor after the Contractor presents an itemized invoice for the goods received or services actually performed, and the MSRS' Authorized Representative accepts the invoiced goods or services.

5.2.2 Contractor will not submit invoices more frequent than on a monthly basis. Summary type invoicing must include these fields:

- Purchase Order Number
- Invoice Number

- MSRS Authorized Representative
- Dates and hours of service
- Description of specific task or deliverable
- Explanation of work performed per charge indicated on the invoice

Send invoices by E-mail to:

msrs_ap@msrs.us (In the subject line include the Contract number and the name of MSRS' Authorized Representative.)

Or

Minnesota State Retirement System
 Accounts Payable
 60 Empire Drive, Suite 300
 St. Paul, Minnesota 55103-3000

5.2.3 Retainage. Under Minn. Stat. § 16C.08, subd. 2 (10), no more than 90 percent of the amount due under this Contract may be paid until the final product of this Contract has been reviewed by MSRS. The balance due will be paid when MSRS determines that the Contractor has satisfactorily fulfilled all the terms of this Contract.

5.2.4 Conditions of payment. All services delivered by the Contractor under this Contract must be performed to the State's satisfaction and in accordance with all applicable federal, state, and local laws, ordinances, rules, and regulations including business registration requirements of the Office of the Secretary of State. The Contractor will not receive payment for work found by the State to be unsatisfactory or performed in violation of federal, state, or local law.

6. Authorized Representative

MSRS' Authorized Representative is _____, or his/her/their successor or delegate, and has the responsibility to monitor the Contractor's performance.

Contractor's Authorized Representative. The Contractor's Authorized Representative is _____ at the following business address and telephone number: _____, or his/her/their successor. If the Contractor's Authorized Representative changes at any time during this Contract, the Contractor must immediately notify MSRS.

7. Exhibits

The following Exhibits are attached and incorporated into this Contract. In the event of a conflict between the terms of this Contract and its Exhibits, or between Exhibits, the order of precedence is first the Contract, and then in the following order:

- Exhibit A: Contract Terms
- Exhibit B: Insurance Terms
- Exhibit C: Specifications, Duties, and Scope of Work Detail
- Exhibit D: Price

1. State Encumbrance Verification
Individual certifies that funds have been encumbered as required by Minn. Stat. §§ 16A.15 and 16C.05

Print name: _____
Signature: _____
Title: _____ Date: _____
SWIFT Contract No.: _____

3. Minnesota State Retirement System
With delegated authority

Print name: _____
Signature: _____
Title: _____ Date: _____

2. Contractor
The Contractor certifies that the appropriate person(s) have executed the Contract on behalf of the Contractor as required by applicable articles, bylaws, resolutions, or ordinances.

Print name: _____
Signature: _____
Title: _____ Date: _____

4. Commissioner of Administration
As delegated to The Office of State Procurement

Print name: _____
Signature: _____
Title: _____ Date: _____

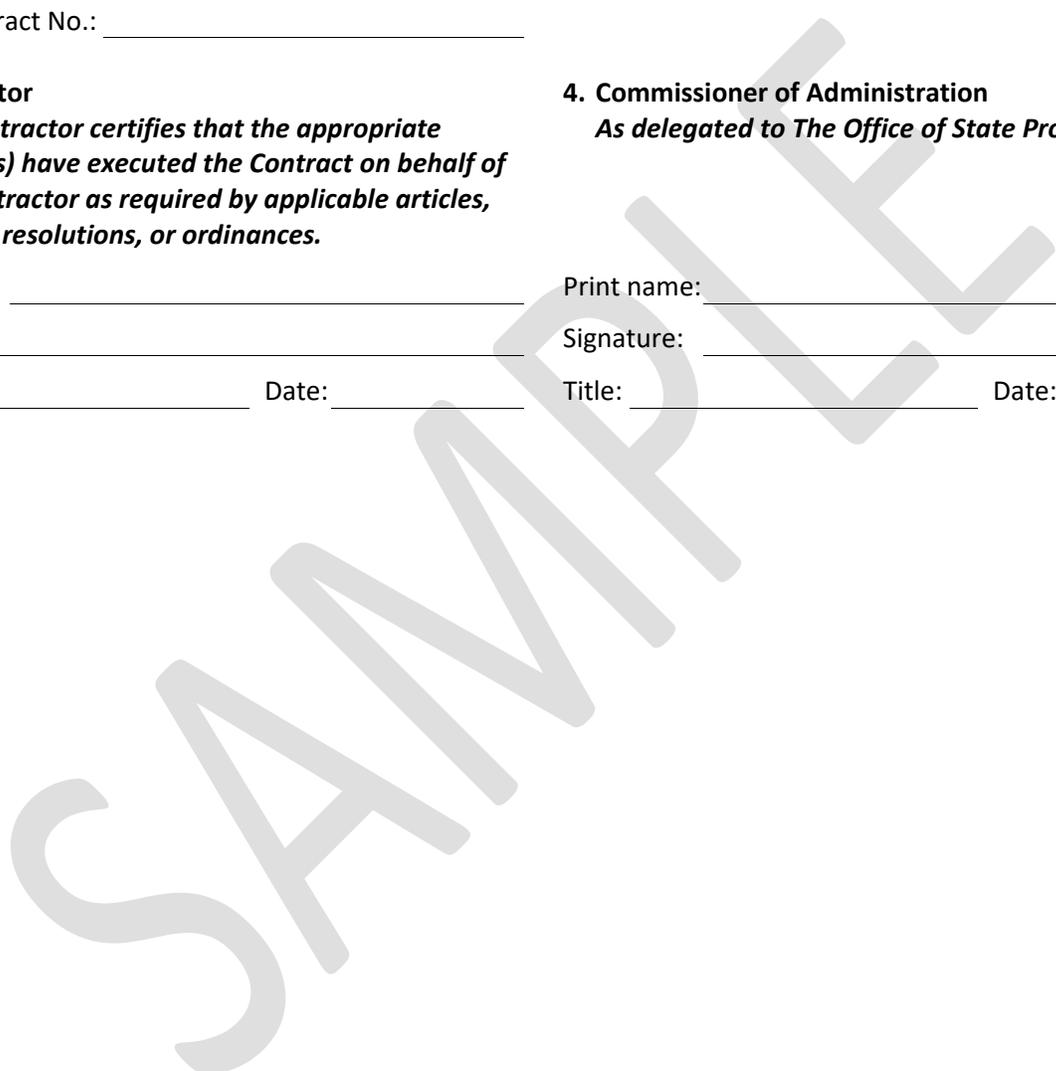


Exhibit A: Contract Terms

1. Prompt Payment and Invoicing.

- 1.1 Prompt Payment. The State will pay the Contractor pursuant to Minn. Stat. § 16A.124, which requires payment within 30 days following receipt of an undisputed invoice, or merchandise or service, whichever is later. Terms requesting payment in less than 30 days will be changed to read “Net 30 days.” Notwithstanding the foregoing, the State may pay the Contractor in advance for purchases as allowed pursuant to Minn. Stat. §16A.065.

The payment for each order will only be made for goods received or services actually performed that have been accepted by the ordering entity, and meet all terms, conditions, and specifications of the Contract and the ordering document.

- 1.2 Invoicing. The invoice must be submitted as described in the Contract Consideration and Payment Section 5.2.2. See Section 5.2.2, for minimum invoice requirements.

2. Assignment, Amendments, Waiver, and Contract Complete.

- 2.1 Assignment. The Contractor may neither assign nor transfer any rights or obligations under this Contract without the prior consent of the State and a fully executed assignment agreement, executed and approved by the authorized parties or their successors.
- 2.2 Amendments. Any amendment to this Contract must be in writing and will not be effective until it has been executed and approved by the authorized parties or their successors.
- 2.3 Waiver. If the State fails to enforce any provision of this Contract, that failure does not waive the provision or its right to enforce it.
- 2.4 Contract Complete. This Contract contains all negotiations and agreements between the State and the Contractor. No other understanding regarding this Contract, whether written or oral, may be used to bind either party.

3. Termination.

- 3.1 Termination for Convenience. MSRS, the State or Commissioner of Administration may cancel this Contract at any time, with or without cause, upon 30 days’ written notice to the Contractor. Upon termination for convenience, the Contractor will be entitled to payment, determined on a pro rata basis, for services or goods satisfactorily performed or delivered.
- 3.2 Termination for Breach. The State may terminate this Contract, with cause, upon 30 days’ written notice to Contractor of the alleged breach and opportunity to cure. If after 30 days, the alleged breach has not been remedied, the State may immediately terminate the Contract.
- 3.3 Termination for Insufficient Funding. The State may immediately terminate this Contract if it does not obtain funding from the Minnesota Legislature, or other funding source; or if funding cannot be continued at a level sufficient to allow for the payment of the services addressed within this Contract. Termination must be by written notice to the Contractor. The State is not obligated to pay for any services that are provided after notice and effective date of termination. However, the Contractor will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed to the extent that dedicated funds are available. The State will not be assessed any penalty if the Contract is terminated

because of the decision of the Minnesota Legislature, or other funding source, not to appropriate funds. The State must provide the Contractor notice of the lack of funding. This notice will be provided within a reasonable time of the State's receiving notice.

4. Force Majeure.

Neither party shall be responsible to the other or considered in default of its obligations within this Contract to the extent that performance of any such obligations is prevented or delayed by acts of God, war, riot, disruption of government, or other catastrophes beyond the reasonable control of the party unless the act or occurrence could have been reasonably foreseen and reasonable action could have been taken to prevent the delay or failure to perform. A party relying on this provision to excuse performance must provide the other party prompt written notice of the inability to perform and take all necessary steps to bring about performance as soon as practicable.

5. Indemnification.

5.1 In the performance of this Contract, the Indemnifying Party must indemnify, save, and hold harmless the State, its agents, and employees, from any claims or causes of action, including attorney's fees incurred by the State, to the extent caused by Indemnifying Party's:

- Intentional, willful, or negligent acts or omissions; or
- Actions that give rise to strict liability; or
- Breach of contract or warranty.

The Indemnifying Party is defined to include the Contractor, Contractor's reseller, any third party that has a business relationship with the Contractor, or Contractor's agents or employees, and to the fullest extent permitted by law. The indemnification obligations of this section do not apply in the event the claim or cause of action is the result of the State's sole negligence. This clause will not be construed to bar any legal remedies the Indemnifying Party may have for the State's failure to fulfill its obligation under this Contract.

5.2 Nothing within this Contract, whether express or implied, shall be deemed to create an obligation on the part of the State to indemnify, defend, hold harmless or release the Indemnifying Party. This shall extend to all agreements related to the subject matter of this Contract, and to all terms subsequently added, without regard to order of precedence.

6. Governing Law, Jurisdiction, and Venue.

Minnesota law, without regard to its choice-of-law provisions, governs this Contract. Venue for all legal proceedings out of this Contract, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

7. Foreign Outsourcing of Work Prohibited.

Contractor must be headquartered in the United States. All services under this contract shall be performed within the borders of the United States. All storage and processing of information shall be performed within the borders of the United States. This provision also applies to work performed by all subcontractors.

8. Subcontracting and Subcontract Payment.

8.1 Subcontracting Allowed. A subcontractor is a person or company that has been awarded a portion of the Contract by Contractor. Only subcontractors that have been approved by the Contract Administrator can be used for this Contract.

After the effective date of the Contract, the Contractor shall not, without prior written approval of the Contract Administrator, subcontract for the performance of any of the Contractor's obligations that were not already

approved for subcontracting when the Contract was awarded. During this Contract, if an approved subcontractor is determined to be performing unsatisfactorily by the Contract Administrator, the Contractor will receive written notification that the subcontractor can no longer be used for this Contract.

The provisions of the Contract shall apply with equal force and effect to all approved subcontractors engaged by the Contractor. Notwithstanding approval by the State, no subcontract shall serve to terminate or in any way affect the primary legal responsibility of the Contractor for timely and satisfactory performances of the obligations contemplated by the Contract.

8.2 Subcontractor Payment. Contractor must pay any subcontractor in accordance with Minn. Stat. § 16A.1245.

9. Data Disclosure.

Under Minn. Stat. § 270C.65, subd. 3 and other applicable law, the Contractor consents to disclosure of its social security number, federal employer tax identification number, and Minnesota tax identification number, already provided to the State, to federal and state agencies, and state personnel involved in the payment of state obligations. These identification numbers may be used in the enforcement of federal and state laws which could result in action requiring the Contractor to file state tax returns, pay delinquent state tax liabilities, if any, or pay other state liabilities.

10. Government Data Practices.

The Contractor and State must comply with the Minnesota Government Data Practices Act, Minn. Stat. Ch. 13, (or, if the State contracting party is part of the Judicial Branch, with the Rules of Public Access to Records of the Judicial Branch promulgated by the Minnesota Supreme Court as the same may be amended from time to time) as it applies to all data provided by the State under this Contract, and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by the Contractor under this Contract. The civil remedies of Minn. Stat. § 13.08 apply to the release of the data governed by the Minnesota Government Practices Act, Minn. Stat. Ch. 13, by either the Contractor or the State.

If the Contractor receives a request to release the data referred to in this clause, the Contractor must immediately notify and consult with the MSRS' Authorized Representative as to how the Contractor should respond to the request. The Contractor's response to the request shall comply with applicable law.

11. Intellectual Property Rights.

11.1 Definitions. For the purpose of this Section, the following words and phrases have the assigned definitions:

11.1.1 "Documents" are the originals of any databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, disks, or other materials, whether in tangible or electronic forms, prepared by the Contractor, its employees, agents, or subcontractors, in the performance of this Contract.

11.1.2 "Pre-Existing Intellectual Property" means intellectual property developed prior to or outside the scope of this Contract, and any derivatives of that intellectual property.

11.1.3 "Works" means all inventions, improvements, discoveries (whether or not patentable), databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, and disks conceived, reduced to practice, created or originated by the Contractor, its employees, agents, and subcontractors, either individually or jointly with others in the performance of this Contract. "Works" includes Documents.

11.2 Ownership. The State owns all rights, title, and interest in all of the intellectual property rights, including copyrights, patents, trade secrets, trademarks, and service marks in the Works and Documents created and paid for under this Contract. The Documents shall be the exclusive property of the State and all such Documents must be immediately returned to the State by the Contractor upon completion or cancellation of this Contract. To the extent possible, those Works eligible for copyright protection under the United States Copyright Act will be deemed to be “works made for hire.” The Contractor assigns all right, title, and interest it may have in the Works and the Documents to the State. The Contractor must, at the request of the State, execute all papers and perform all other acts necessary to transfer or record the State’s ownership interest in the Works and Documents.

11.3 Pre-existing Intellectual Property. Each Party shall retain ownership of its respective Pre-Existing Intellectual Property. The Contractor grants the State a perpetual, irrevocable, non-exclusive, royalty free license for Contractor’s Pre-Existing Intellectual Property that are incorporated in the products, materials, equipment, deliverables, or services that are purchased through the Contract.

11.4 Obligations.

11.4.1 Notification. Whenever any invention, improvement, or discovery (whether or not patentable) is made or conceived for the first time or actually or constructively reduced to practice by the Contractor, including its employees and subcontractors, in the performance of this Contract, the Contractor will immediately give the MSRS’ Authorized Representative written notice thereof, and must promptly furnish the MSRS’ Authorized Representative with complete information and disclosure thereon.

11.4.2 Representation. The Contractor must perform all acts, and take all steps necessary to ensure that all intellectual property rights in the Works and Documents are the sole property of the State, and that neither Contractor nor its employees, agents, or subcontractors retain any interest in and to the Works and Documents. The Contractor represents and warrants that the Works and Documents do not and will not infringe upon any intellectual property rights of other persons or entities.

11.4.3 Indemnification. Notwithstanding any other indemnification obligations addressed within this Contract, the Contractor will indemnify; defend, to the extent permitted by the Attorney General; and hold harmless the State, at the Contractor’s expense, from any action or claim brought against the State to the extent that it is based on a claim that all or part of the Works or Documents infringe upon the intellectual property rights of others. The Contractor will be responsible for payment of any and all such claims, demands, obligations, liabilities, costs, and damages, including but not limited to, attorney fees. If such a claim or action arises, or in the Contractor’s or the State’s opinion is likely to arise, the Contractor must, at the State’s discretion, either procure for the State the right or license to use the intellectual property rights at issue or replace or modify the allegedly infringing works or documents as necessary and appropriate to obviate the infringement claim. This remedy of the State will be in addition to and not exclusive of other remedies provided by law.

12. Copyright.

The Contractor shall save and hold harmless the State of Minnesota, its officers, agents, servants and employees, from liability of any kind or nature, arising from the use of any copyrighted or noncopyrighted compositions, secret process, patented or nonpatented invention, article or appliance furnished or used in the performance of the Contract.

13. Contractor’s Documents.

Any licensing and maintenance agreement, or any order-specific agreement or document, including any pre-installation, linked or “click through” agreement that is allowed by, referenced within or incorporated within the Contract whenever the Contract is used for a State procurement, whether directly by the Contractor or through a Contractor’s agent, subcontractor or reseller, is agreed to only to the extent the terms within any such agreement or document do not

conflict with the Contract or applicable Minnesota or Federal law, and only to the extent that the terms do not modify, diminish or derogate the terms of the Contract or create an additional financial obligation to the State. Any such agreement or document must not be construed to deprive the State of its sovereign immunity, or of any legal requirements, prohibitions, protections, exclusions or limitations of liability applicable to this Contract or afforded to the State by Minnesota law. A State employee's decision to choose "accept" or an equivalent option associated with a "click-through" agreement does not constitute the State's concurrence or acceptance of terms, if such terms are in conflict with this section.

14. State Audits.

Under Minn. Stat. § 16C.05, subd. 5, the Contractor's books, records, documents, and accounting procedures and practices relevant to this Contract are subject to examination by the State, the State Auditor, or Legislative Auditor, as appropriate, for a minimum of six years from the expiration or termination of this Contract.

15. Diverse Spend Reporting.

If the total value of the Contract may exceed \$500,000, including all extension options, Contractor must track and report, on a quarterly basis, the amount paid to diverse businesses both: 1) directly to subcontractors performing under the Contract, and 2) indirectly to diverse businesses that provide supplies/services to your company (in proportion to the revenue from this Contract compared to Contractor's overall revenue). When this applies, Contractor will register in a free portal to help report the Tier 2 diverse spend, and the requirement continues as long as the Contract is in effect.

16. Publicity and Endorsement.

16.1 Publicity. Any publicity regarding the subject matter of this Contract must identify the State as the sponsoring agency and must not be released without prior written approval from the MSRS' Authorized Representative. For purposes of this provision, publicity includes notices, informational pamphlets, press releases, information posted on corporate or other websites, research, reports, signs, and similar public notices prepared by or for the Contractor individually or jointly with others, or any subcontractors, with respect to the program, publications, or services provided resulting from this Contract.

16.2 Endorsement. The Contractor must not claim that the State endorses its products or services.

17. Debarment by State, its Departments, Commissions, Agencies, or Political Subdivisions.

Contractor certifies that neither it nor its principals is presently debarred or suspended by the Federal government, the State, or any of the State's departments, commissions, agencies, or political subdivisions. Contractor's certification is a material representation upon which the Contract award was based. Contractor shall provide immediate written notice to the MSRS' Authorized Representative if at any time it learns that this certification was erroneous when submitted or becomes erroneous by reason of changed circumstances.

18. Contingency Fees Prohibited.

Pursuant to Minn. Stat. § 10A.06, no person may act as or employ a lobbyist for compensation that is dependent upon the result or outcome of any legislation or administrative action.

19. Certification of Nondiscrimination (in accordance with Minn. Stat. § 16C.053).

If the value of this Contract, including all extensions, is \$50,000 or more, Contractor certifies it does not engage in and has no present plans to engage in discrimination against Israel, or against persons or entities doing business in Israel, when making decisions related to the operation of the vendor's business. For purposes of this section, "discrimination" includes but is not limited to engaging in refusals to deal, terminating business activities, or other actions that are intended to limit commercial relations with Israel, or persons or entities doing business in Israel, when such actions are taken in a manner that in any way discriminates on the basis of nationality or national origin and is not based on a valid business reason.

20. Non-discrimination (in accordance with Minn. Stat. § 181.59).

The Contractor will comply with the provisions of Minn. Stat. § 181.59.

21. E-Verify Certification (in accordance with Minn. Stat. § 16C.075).

For services valued in excess of \$50,000, Contractor certifies that as of the date of services performed on behalf of the State, Contractor and all its subcontractors will have implemented or be in the process of implementing the federal E-Verify Program for all newly hired employees in the United States who will perform work on behalf of the State. Contractor is responsible for collecting all subcontractor certifications and may do so utilizing the E-Verify Subcontractor Certification Form available at <http://www.mmd.admin.state.mn.us/doc/EVerifySubCertForm.doc>. All subcontractor certifications must be kept on file with Contractor and made available to the State upon request.

22. Affirmative Action Requirements

The State intends to carry out its responsibility for requiring affirmative action by its contractors.

- 22.1 Covered Contracts and Contractors. If the Contract exceeds \$100,000 and the Contractor employed more than 40 full-time employees on a single working day during the previous 12 months in Minnesota or in the state where it has its principal place of business, then the Contractor must comply with the requirements of Minn. Stat. § 363A.36 and Minn. R. 5000.3400-5000.3600.
- 22.2 General. Minn. R. 5000.3400-5000.3600 implements Minn. Stat. § 363A.36. These rules include, but are not limited to, criteria for contents, approval, and implementation of affirmative action plans; procedures for issuing certificates of compliance and criteria for determining a contractor's compliance status; procedures for addressing deficiencies, sanctions, and notice and hearing; annual compliance reports; procedures for compliance review; and contract consequences for non-compliance. The specific criteria for approval or rejection of an affirmative action plan are contained in various provisions of Minn. R. 5000.3400-5000.3600 including, but not limited to, Minn. R. 5000.3420-5000.3500 and 5000.3552-5000.3559.
- 22.3 Disabled Workers. The Contractor must comply with the following affirmative action requirements for disabled workers.

AFFIRMATIVE ACTION FOR DISABLED WORKERS

- 22.3.1 The Contractor must not discriminate against any employee or applicant for employment because of physical or mental disability in regard to any position for which the employee or applicant for employment is qualified. The Contractor agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified disabled persons without discrimination based upon their physical or mental disability in all employment practices such as the following: employment, upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.
- 22.3.2 The Contractor agrees to comply with the rules and relevant orders of the Minnesota Department of Human Rights issued pursuant to the Minnesota Human Rights Act.
- 22.3.3 In the event of the Contractor's noncompliance with the requirements of this clause, actions for noncompliance may be taken in accordance with Minn. Stat. § 363A.36, and the rules and relevant orders of the Minnesota Department of Human Rights issued pursuant to the Minnesota Human Rights Act.
- 22.3.4 The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices in a form to be prescribed by the Commissioner. Such notices must state the

Contractor's obligation under the law to take affirmative action to employ and advance in employment qualified disabled employees and applicants for employment, and the rights of applicants and employees.

22.3.5 The Contractor must notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the Contractor is bound by the terms of Minn. Stat. § 363A.36, of the Minnesota Human Rights Act and is committed to take affirmative action to employ and advance in employment physically and mentally disabled persons.

22.4 Consequences. The consequences for the Contractor's failure to implement its affirmative action plan or make a good faith effort to do so include, but are not limited to, suspension or revocation of a certificate of compliance by the Commissioner, refusal by the Commissioner to approve subsequent plans, and termination of all or part of this Contract by the Commissioner or the State.

22.5 Certification. The Contractor hereby certifies that it is in compliance with the requirements of Minn. Stat. § 363A.36 and Minn. R. 5000.3400-5000.3600 and is aware of the consequences for noncompliance.

23. Equal Pay Certification.

If required by Minn. Stat. §363A.44, the Contractor must have a current Equal Pay Certificate prior to Contract execution. If Contractor's Equal Pay Certificate expires during the term of this Contract, Contractor must promptly re-apply for an Equal Pay Certificate with the Minnesota Department of Human Rights and notify the MSRS' Authorized Representative once the Contractor has received the renewed Equal Pay Certificate. If Contractor claims to be exempt, the State may require Contractor to verify its exempt status.

24. Survival of Terms.

The following clauses survive the expiration or cancellation of this Contract: Indemnification; State Audits; Government Data Practices; Intellectual Property; Publicity and Endorsement; Governing Law, Jurisdiction, and Venue; and Data Disclosure. Any other Contract term that expressly states or by its nature shall survive, shall survive.

25. Vaccination/Testing Requirements.

25.1 Applicability. This section applies to Contractor's employees or subcontractors who are performing contracted work in the following types of project settings: indoors with regular in-person contact with State agency employees or members of the public; and outdoors with substantial and/or regular in-person, non-socially distanced contact with State agency employees or members of the public ("Covered Individuals").

25.2 Requirements. In accordance with HR/LR Policy #1446, Covered Individuals must be fully vaccinated against COVID-19 as defined in the policy or submit to testing at least once a week.

25.3 Compliance. Contractor is responsible for the following:

25.3.1 Tracking and maintaining proof of vaccination status for vaccinated Covered Individuals;

25.3.2 Ensuring Covered Individuals who are not vaccinated are tested on a weekly basis;

25.3.3 Monitoring test results and ensuring that Covered Individuals with positive test results do not access the State workplace to perform contractual services until the Covered Individual has been medically cleared; and

25.3.4 Ensuring its Covered Individuals do not access the location where the contracted work is occurring if the Covered Individual is not in compliance with the requirements stated in item 25.2 Requirements, above.

25.4 Reporting. Upon request, Contractor shall provide the State with documentation demonstrating compliance with these requirements. Contractor shall maintain documentation for a minimum of thirty (30) days past the end date of the contract.

Remainder of Page Intentionally Left Blank

Exhibit B: Insurance Requirements

1. Notice to Contractor.

- 1.1 The Contractor is required to submit Certificates of Insurance acceptable to the State as evidence of insurance coverage requirements prior to commencing work under this Contract.
- 1.2 Contractor shall not commence work under the contract until they have obtained all the insurance described below and the State has approved such insurance. Contractor shall maintain such insurance in force and effect throughout the term of this Contract, unless otherwise specified in this Contract
- 1.3 The failure of the Contractor to provide a Certificate of Insurance, for the policies required under this Contract or renewals thereof, or failure of the insurance company to notify the State of the cancellation of policies required under this Contract shall not constitute a waiver by the State to the Contractor to provide such insurance.
- 1.4 The State reserves the right to immediately terminate this Contract if the Contractor is not in compliance with the insurance requirements and retains all rights to pursue any legal remedies against the Contractor. All insurance policies must be open to inspection by the State, and copies of policies must be submitted to the MSRS' Authorized Representative upon written request.

2. Notice to Insurer.

- 2.1 The Contractor's insurance company(ies) waives its right to assert the immunity of the State as a defense to any claims made under said insurance.
- 2.2 Insurance certificate holder should be addressed as follows:

Minnesota State Retirement System
Attention Kris Wenner, Contract Manager
60 Empire Drive, Suite 300
St. Paul, Minnesota 55103-3000

Or send by email to:
Kris.wenner@msrs.us

3. Additional Insurance Conditions. The following apply to the Contractor, or the Contractor's subcontractor:

- 3.1 Contractor's policy(ies) shall be primary insurance to any other valid and collectible insurance available to the State with respect to any claim arising out of Contractor's performance under this Contract.
- 3.2 If Contractor receives a cancellation notice from an insurance carrier affording coverage herein, Contractor agrees to notify the State within five (5) business days with a copy of the cancellation notice, unless Contractor's policy(ies) contain a provision that coverage afforded under the policy(ies) will not be cancelled without at least thirty (30) days advance written notice to the State;
- 3.3 Contractor is responsible for payment of Contract related insurance premiums and deductibles;
- 3.4 If Contractor is self-insured, a Certificate of Self-Insurance must be attached;

- 3.5 Contractor's policy(ies) shall include legal defense fees in addition to its policy limits with the exception of professional liability.
- 3.6 Contractor's insurance companies must either (1) have an AM Best rating of A- (minus) and a Financial Size Category of VII or better, and be authorized to do business in the State of Minnesota or (2) be domiciled in the State of Minnesota and have a Certificate of Authority/Compliance from the Minnesota Department of Commerce if they are not rated by AM Best.
- 3.7 An Umbrella or Excess Liability insurance policy may be used to supplement the Contractor's policy limits to satisfy the full policy limits required by the Contract.

4. Coverages. Contractor is required to maintain and furnish satisfactory evidence of the following insurance policies:

4.1 Commercial General Liability Insurance. Contractor is required to maintain insurance protecting it from claims for damages for bodily injury, including sickness or disease, death, and for care and loss of services as well as from claims for property damage, including loss of use which may arise from operations under the Contract whether the operations are by the Contractor or by a subcontractor or by anyone directly or indirectly employed by the Contractor under the contract. Insurance minimum limits are as follows:

\$2,000,000 – per occurrence

\$2,000,000 – annual aggregate

\$2,000,000 – annual aggregate – applying to Products/Completed Operations

The following coverages shall be included:

- Premises and Operations Bodily Injury and Property Damage
- Personal and Advertising Injury
- Blanket Contractual Liability
- Products and Completed Operations Liability
- **State of Minnesota named as an Additional Insured**, to the extent permitted by law

4.2 Commercial Automobile Liability Insurance. Contractor is required to maintain insurance protecting it from claims for damages for bodily injury as well as from claims for property damage resulting from the ownership, operation, maintenance or use of all owned, hired, and non-owned autos which may arise from operations under this contract, and in case any work is subcontracted the contractor will require the subcontractor to maintain Commercial Automobile Liability insurance. Insurance minimum limits are as follows:

\$2,000,000 – per occurrence Combined Single limit for Bodily Injury and Property Damage

In addition, the following coverages should be included: Owned, Hired, and Non-owned Automobile.

Evidence of Subcontractor insurance shall be filed with the Contractor.

4.3 Workers' Compensation Insurance. Statutory Compensation Coverage. Except as provided below, Contractor must provide Workers' Compensation insurance for all its employees and, in case any work is subcontracted, Contractor will require the subcontractor to provide Workers' Compensation insurance in accordance with the statutory requirements of the State, including Coverage B, Employer's Liability. Insurance **minimum** limits are as follows:

\$100,000 – Bodily Injury by Disease per employee
\$500,000 – Bodily Injury by Disease aggregate
\$100,000 – Bodily Injury by Accident

If Minn. Stat. § 176.041 exempts Contractor from Workers' Compensation insurance or if the Contractor has no employees in the State, Contractor must provide a written statement, signed by an authorized representative, indicating the qualifying exemption that excludes Contractor from the Minnesota Workers' Compensation requirements.

If during the course of the contract the Contractor becomes eligible for Workers' Compensation, the Contractor must comply with the Workers' Compensation Insurance requirements herein and provide the State with a certificate of insurance.

4.4 Professional Liability, Errors, and Omissions. This policy will provide coverage for all claims the contractor may become legally obligated to pay resulting from any actual or alleged negligent act, error, or omission related to Contractor's professional services required under the contract. Insurance **minimum** limits are as follows:

\$2,000,000 - per claim or event
\$2,000,000 - annual aggregate

Any deductible will be the sole responsibility of the Contractor and may not exceed \$50,000 without the written approval of the State. If the Contractor desires authority from the State to have a deductible in a higher amount, the Contractor shall so request in writing, specifying the amount of the desired deductible and providing financial documentation by submitting the most current audited financial statements so that the State can ascertain the ability of the Contractor to cover the deductible from its own resources.

The retroactive or prior acts date of such coverage shall not be after the effective date of this Contract and Contractor shall maintain such insurance for a period of at least three (3) years, following completion of the work. If such insurance is discontinued, extended reporting period coverage must be obtained by Contractor to fulfill this requirement.

4.5 Network Security and Privacy Liability Insurance (or equivalent). The coverage may be endorsed on another form of liability coverage or written on a standalone policy. Contractor shall maintain insurance to cover claims which may arise from failure of Contractor's security resulting in, but not limited to, computer attacks, unauthorized access, disclosure of not public data including but not limited to confidential or private information, transmission of a computer virus or denial of service. Insurance minimum limits are as follows:

\$2,000,000 per occurrence
\$2,000,000 annual aggregate

The following coverage shall be included: State of Minnesota named as an Additional Insured unless the coverage is written under a Professional Liability policy.

4.6 Privacy Liability Insurance (or equivalent). The coverage may be endorsed on another form of liability coverage or written on a standalone policy. The Contractor shall maintain insurance to cover claims which may arise from failure of the Contractor to ensure the security of not public data stored on the State's documents, including but not limited to paper, microfilms, microfiche, magnetic computer tapes, cassette tapes, photographic negatives, photos, hard disks, floppy disks, and carbon sheets, while in the Contractor's care, custody, and control. Insurance minimum limits are as follows:

\$2,000,000 - Per Occurrence
\$2,000,000 - Annual Aggregate

The following coverage shall be included: State of Minnesota named as an Additional Insured unless the coverage is written under a Professional Liability policy.

4.7 Property of Others Insurance (or equivalent). The Contractor shall maintain a Property insurance policy covering “All Risk” of direct physical loss or damage, or equivalent, including the perils of theft, flood, transit, earthquake, and pollution clean-up expense for property owned by the state that is in the Contractor’s care, custody, and control. Any deductible shall be the sole responsibility of the Contractor. Insurance **minimum** limits are as follows: The Contractor is solely responsible for the coverage equal to that of the actual cash value of state-owned property in the Contractor’s care, custody, and control at any given point in time.

Remainder of Page Intentionally Left Blank

Exhibit C: Specifications, Duties, and Scope of Work Detail

1. General Duties

- 1.1** Load and reconcile all Minnesota State Retirement System (MSRS) actuarial data. MSRS will furnish Contractor with all data and statistical information deemed necessary to perform specified Contract services, provided the data is available in the records and files of the system. Data will be provided in a format agreed upon by MSRS and Contractor. Contractor shall reconcile the data and prepare additional computer files for actuarial valuation purposes.

Once received, data is checked for general reasonableness, and compared with the prior year. Selected individual cases are reviewed in detail to ensure that the data changed as expected from year to year. For example, Contractor shall confirm that active member test cases had an increase in service and that their reported pay amounts compare well between the two years. Retirees would be checked to confirm that they received the proper post-retirement benefit increase, if applicable. Any issues found in the reasonableness check along with comparative statistics are then sent to MSRS for their review and confirmation.

- 1.2** **Treat all member information as confidential.** Contractor agrees to comply with the provisions of the Minnesota Government Data Practices Act (Minnesota Statutes Chapter 13) as it applies to all data provided by MSRS for purposes of the Contract and as it applies to all data created, gathered, generated or acquired with the Contract.

Contractor shall comply with the provisions of the Minnesota State Act regarding data practices (Chapter 13). Contractor understands that all data provided by MSRS is to be treated as confidential unless declared otherwise in writing by MSRS.

Contractor understands the importance of keeping member data private and offers secure data transfer to allow MSRS to upload valuation census data easily, instantaneously, and securely.

- 1.3** **Seek written consent prior to public release of information resulting from the engagement.** With respect to any publicity given to the actuarial services provided under terms of the Contract, Contractor shall identify MSRS as the sponsoring agency and shall not release any information without prior written approval of the authorized representative. This information includes, but is not limited to, press releases, research, and reports.

Contractor shall not publish information about MSRS, even if gathered in the spirit of research, without its written consent. Also, Contractor will not communicate with the news media about MSRS without its written consent. Contractor will work closely with the authorized representative and will not release any information with regard to our work under this engagement without prior written consent.

- 1.4** **Communicate directly with the Executive Director (or appointed designee).** Contractor shall route all requests, reports and all other communication in connection with this Contract through the Executive Director of MSRS or appointed designee.

- 1.5** **Document discussion ideas, issues, and extended services.** Contractor shall share responsibility with MSRS for documenting, in writing, all ideas and issues raised in discussions and meetings. The lead consulting actuary must review, approve, and sign all price quotations for extended services, final reports, correspondence regarding actuarial assumptions and other technical issues.

Contractor shall take notes and minutes during all meetings and discussions with MSRS Board and staff based on a mutually agreed upon format.

1.6 Perform all services within the scope of the Contract under the direct supervision of a qualified actuary. An approved actuary must be regularly engaged in the business of providing actuarial services and have a designation as a Fellow in the Society of Actuaries. The firm's choice of a consulting actuary must be an employee of the firm. MSRS reserves the right to reject the firm's choice of a consulting actuary and may terminate the Contract if a consulting actuary acceptable to the MSRS Board of Directors cannot be made available by the firm.

2. Consultation and Advisory Services

2.1 Provide actuarial consultation and advisory services. MSRS expects these services may include public testimony to committees, boards, commissions, and legislators on any technical, policy, legal or administrative issues. Contractor shall provide projection valuation studies required by the Legislative Commission on Pensions and Retirement (LCPR). When the legislature is in session, the Contractor's consulting actuary will be "on call" during working hours to respond to MSRS' needs. The consulting actuary will be readily accessible to MSRS' Executive Director by telephone within one working day. MSRS expects the consulting actuary to attend a minimum of two (2) MSRS Board of Directors meetings per contract year to give presentations and answer questions, including one meeting to review the annual actuarial valuations results. The consulting actuary must have the ability to discuss actuarial theory, including complex actuarial principles and other matters in lay terms, and to communicate complex information clearly in reports to the MSRS Board of Directors to allow the Board to make informed decisions. All actuarial work must be done according to applicable Minnesota Statutes, the Standards for Actuarial Work established by the LCPR, and Actuarial Standards of Practice issued by the Actuarial Standards Board.

Contractor shall assist MSRS staff in preparing draft legislation or proposed changes to existing retirement laws which govern MSRS. Also, Contractor shall assist MSRS in developing specific strategies for resolving any policy or administrative problems associated with implementing new legislation. Contractor shall coordinate its efforts with an outside pension attorney or staff attorney.

2.2 Standards for Actuarial Work established by the LCPR outline projection valuation requirements.

Contractor shall provide reports that not only comply with the requirements but also provide meaningful information to the various readers.

Contractor shall have its staff available to the Executive Director and designated staff to the full extent requested. Even when they are out of the office, the Contractor designated staff can be contacted easily. Contractor acknowledges that they will be available by telephone within one (1) working day and available for meetings within five (5) working days or less. When the Minnesota legislature is in session, Contractor will be "on call" during working hours to respond to MSRS' needs. Contractor designated staff will be available for at least two (2) Board of Directors meetings per year to give presentations and answer questions, including one meeting to review the annual actuarial valuations results.

2.3 Prepare actuarial cost estimates of proposed legislation. Contractor agrees to prepare financial impact estimates of planned statutory amendments as requested by MSRS' Executive Director or appointed designee. MSRS expects Contractor to prepare up to six (6) cost estimates per contract year. The majority of these pricing requests will occur during a Minnesota legislative session. Contractor shall prepare each actuarial cost estimate of proposed legislation within seven (7) working days of receipt of the request, if this turnaround time is requested by MSRS, and in accordance with Minnesota Standards for Actuarial Work. Contractor shall provide thoughtful and complete cost estimates for proposed legislative changes to MSRS by the requested delivery date.

2.4 Assist in establishing actuarial specifications for MSRS' data files. MSRS may ask Contractor to provide feedback on the content of data files, including test files, and make suggestions for modifications to ensure that the full range of data needed for costing proposed legislation, performing actuarial valuations, and reviewing experience studies is maintained. This duty includes Contractor assisting MSRS in data cleansing efforts. Contractor agrees to identify and list certain data on MSRS' demographic file that is missing for actuarial valuation purposes. Contractor also agrees to respond to MSRS' questions about missing data in within two business days.

Each year, Contractor shall provide MSRS lists of missing data as part of the valuation process. Unusual data, such as a pattern of pay decreases or unreasonably low account balances, is pointed out, discussed, and resolved in a timely manner.

3. Actuarial Valuations

3.1 Conduct annual actuarial valuations.

- A. Contractor agrees to conduct annual actuarial valuations for MSRS' five defined benefit retirement funds: The State Employees Retirement Fund, the State Patrol Retirement Fund, the Correctional Employees Retirement Fund, the Judges Retirement Fund, and the Legislators Retirement Fund (composed of the Legislators and Elective State Officers Retirement Plans). Two types of actuarial valuations are required:
 - i. Contractor agrees to conduct traditional funding annual actuarial valuations for each of the five defined benefit retirement funds.
 - ii. Contractor agrees to conduct additional GASB-compliant financial reporting annual actuarial valuations for each of the five defined benefit retirement funds.
- B. Compliance requirements for actuarial valuations:
 - i. For the traditional funding actuarial valuations, Contractor agrees to conduct each actuarial valuation in accordance with the provisions of Minnesota Statutes, Chapters 352 and 356, and the most recent *Standards for Actuarial Work* adopted by the LCPR. Contractor agrees to prepare each actuarial valuation report with content and format consistent with previous MSRS actuarial valuation report. Contractor agrees to include a multi-year *Schedule of Funding Progress* and *Schedule of Contributions from the Employer and Other Contributing Entities*.
 - ii. For the financial reporting actuarial valuations, Contractor agrees to conduct each actuarial valuation in accordance with generally recognized actuarial methods and assumptions, for the purposes of satisfying the requirements of GASB Statement No. 67, Financial Reporting for Pension Plans, and Statement No. 68, Accounting and Financial Reporting for Pensions, and all other GASB-related pension guidance.
- C. Contractor agrees to take a multi-phased approach in the annual actuarial valuation process, as described in the *Actuarial Valuation Process* section. The tasks listed in that section are not all-inclusive. Contractor agrees to perform additional tasks, at its discretion, that are deemed necessary to provide the contract deliverables.

4. Actuarial Valuation Process (Phases 1-6)

Listed below is the approach the Contractor shall use in performing the traditional funding and GASB-compliant financial reporting actuarial valuations for MSRS.

Phase 1 – Preliminary Planning

4.1 Task 1 - Understand recent changes in plan provisions.

Subsequent to the end of the most recent Minnesota legislative session and before beginning the traditional funding and the GASB-compliant financial reporting actuarial valuations, Contractor shall review changes in MSRS plan provisions. These changes may address issues such as coverage, contribution rates, and benefit terms. This task shall be completed no later than June 30 following the current actuarial valuation date, or after the completion of the legislative session containing pension legislation, whichever is later.

4.2 Task 2 - Understand recent changes in prescribed actuarial methods and assumptions.

Before beginning the traditional funding and GASB-compliant financial reporting actuarial valuation processes, Contractor will review changes in actuarial methods and assumptions that have occurred since the previous valuations. This task shall be completed no later than June 30, annually. Contractor shall provide MSRS with draft copies of actuarial assumptions, methods, and plan provisions by July 31 for MSRS review and comment.

4.3 Task 3 - Understand the requirements of GASB 67 and 68, and related GASB pension guidance, and confirm key fund types and dates with MSRS.

Subsequent to the end of the most recent Minnesota legislative session and before beginning the traditional funding and the GASB-compliant financial reporting actuarial valuations, Contractor will review changes in GASB pension guidance. Contractor shall provide MSRS with written confirmation of MSRS' fund types, key dates (e.g., measurement date of the Net Pension Liability), changes in pension-related GASB guidance, and changes to actuarial methods and assumptions. This task shall be completed no later than June 30, annually.

PHASE 2 - Membership Data Preparation

4.4 Task 4 - Provide MSRS with listings of missing or questionable data items, based on prior year's census data file (also referred to as the survey file), for data cleansing purposes.

Contractor shall provide MSRS with an Excel file (or a similar report format) that lists all missing data items (e.g., dates of birth or hire, salary, benefit estimate) or questionable data items identified in the current year's actuarial valuation process, especially those items that Contractor may make assumptions about to complete the actuarial valuations. Contractor shall also provide a summary of assumptions made about missing data for valuation purposes, including the number of affected records. Contractor shall respond to MSRS questions about the data as MSRS makes a concerted database clean-up effort. The summary of assumptions about missing data for valuation purposes will be provided within three weeks following MSRS' delivery of the survey file to Contractor.

4.5 Task 5 - Confirm completeness and reasonableness of MSRS' retirement plan membership or census data file.

Contractor shall review MSRS' census data file to ensure it contains complete and reasonable data elements for all defined benefit plan participants. This task includes providing MSRS with a final draft of each retirement fund's *Reconciliation of Members* (also known as the Summary of Population Statistics) and related membership data exhibits, no later than October 15.

PHASE 3 – Conduct Asset Analyses

4.6 Task 6 - Develop the Actuarial Value of Assets for the traditional funding actuarial valuations.

Upon receipt of MSRS' basic financial statements (e.g., *Statements of Fiduciary Net Position as of June 30* and *Changes in Fiduciary Net Position for the year ended June 30*) in early October of each year, for each traditional funding actuarial valuation, Contractor shall summarize MSRS' Statement of Fiduciary Net Position, reconcile the change in assets from the beginning to the end of the year, and compute the actuarial asset value for each defined benefit retirement fund. Contractor shall provide MSRS staff with a final draft of the three *Plan Assets Schedules* (e.g., *Statement of Fiduciary Net Position*, *Reconciliation of Plan Assets*, and *Actuarial Asset Value*) for review and acceptance within two weeks following the receipt of preliminary financial statements.

4.7 Task 7 - Report MSRS' Basic Financial Statements for the GASB-compliant financial reporting actuarial valuations.

Upon receipt of MSRS' basic financial statements (e.g., *Statements of Fiduciary Net Position as of June 30* and *Changes in Fiduciary Net Position for the year ended June 30*) in early October of each year, Contractor will include each MSRS fund's *Statement of Fiduciary Net Position* and *Statement of Changes in Fiduciary Net Position* in the respective fund's GASB-compliant actuarial valuation report. Contractor shall present MSRS' basic financial statements, without modification unless MSRS provides subsequent revisions to the basic financial statements based on financial audit adjustments. Contractor shall provide MSRS with a final draft of the financial statements, as they would be presented in the actuarial valuation report for review and acceptance by within two weeks following the receipt of preliminary financial statements.

PHASE 4 – Compute and Project Liabilities, and Analyze Results

4.8 Task 8 - Incorporate recent changes in actuarial valuation software applications and tools.

Contractor shall make programming changes to the traditional funding and GASB-compliant financial reporting actuarial valuation software, as necessary, based on Phase 1 findings. This task shall be completed no later than July 31 each year.

4.9 Task 9 - Perform valuation calculations.

Contractor shall perform all necessary calculations that will form the basis of the actuarial valuations. For the traditional funding actuarial valuations, Contractor will determine each MSRS defined benefit fund's contribution sufficiency or deficiency rate, any supplemental contribution rate, actuarial accrued liability, unfunded actuarial accrued liability and related changes in the amount from the beginning of the year to the end of the year, employer normal cost, and related ratios. This list is not all-inclusive. In performing this task, Contractor shall identify sources of actuarial gains and losses and isolate the impact of recent changes (e.g., in actuarial methods, assumptions, and plan provisions).

For the GASB-compliant financial reporting actuarial valuation of each MSRS defined benefit retirement fund, Contractor shall project contributions, benefit payments, administrative expenses, investment earnings, and fiduciary net position over the estimated lifetime of all members, including survivors. Contractor will compute the total pension liability, net pension liability, deferred outflows of resources by category, deferred inflows of resources by category, pension expense and related ratios. This list is not all-inclusive. This task also involves calculation and application of a single discount rate in determining the present value of projected benefits.

Contractor shall perform all calculations consistent with the requirements set forth in pertinent public pension-related GASB pronouncements.

4.10 Task 10 - Conduct analyses.

Contractor shall analyze the valuation computations for reasonableness. This task includes comparing current year's results to prior year's results to identify any material differences that merit further review.

PHASE 5 – Prepare Final Actuarial Valuation Reports and Certification Letters

4.11 Task 11 - Draft valuation results.

Contractor will summarize valuation results, and draft a traditional funding actuarial valuation report for each MSRS defined benefit retirement fund. The traditional funding actuarial valuation report will contain, at a minimum, the contents specified in the prior year MSRS funding actuarial valuation reports.

For the GASB-compliant financial reporting actuarial valuation reports, Contractor will summarize and report principal valuation results including key membership statistics, the computation of the net pension liability and related ratios, and data associated with the development of the single discount rate. Contractor will draft a GASB-compliant financial reporting actuarial valuation report for each MSRS defined benefit retirement fund. Each GASB-compliant financial reporting actuarial valuation report will contain, at a minimum the contents specified in the prior year MSRS GASB-compliant financial reporting actuarial valuation reports.

Contractor shall submit all draft actuarial valuation reports to internal peer review and make subsequent adjustments, if necessary. Contractor shall provide MSRS with preliminary GASB-compliant financial reporting actuarial valuation reports for review and comment by the end of the fifth business day in November. Final GASB-compliant financial reporting actuarial valuation results for all funds will be provided no later than ten business days after MSRS reviews the draft and provides comments to the Contractor. Contractor will give preference to completing the GASB-compliant financial reporting actuarial valuation reports over the traditional funding actuarial valuation reports.

Contractor shall provide MSRS with preliminary traditional funding actuarial valuation reports for review and comment by the end of the fifteenth business day of November. Final traditional funding actuarial valuation results for all funds will be provided no later than ten business days after MSRS reviews the draft and provides comments to the Contractor. Contractor understand the requirements in Tasks 11 and 12 are contingent upon timely receipt of the survey file, responses to data questions, and financial statements from MSRS.

4.12 Task 12 - Provide MSRS with certification letters.

Contractor will prepare certification letters that contain an overall summary of the content of each actuarial valuation report, including but not limited to an analysis of key valuation results. Contractor will prepare two certification letters: one that conveys the results of the traditional funding actuarial valuations and another that conveys the results of the GASB-compliant financial reporting actuarial valuations. Contractor shall provide MSRS with the signed certification letters within one week after delivery of final actuarial results (in electronic format) to MSRS via email.

4.13 Task 13 - Send twenty (20) hard copies of the final actuarial valuation reports to MSRS.

Contractor will provide MSRS with 20 hardbound copies of all actuarial valuation results within 30 days from the date of each certification letter.

PHASE 6 – Present Actuarial Valuation Results

- 4.14 **Task 14 - Present findings.** Contractor shall prepare 25 hardbound copies of a summary of the traditional funding actuarial valuation results using easy-to-understand graphs and charts for presentation to the MSRS Board of Directors. This task will be completed no later than January 31st of the following year.

5. Extended Contract Services and Deliverables

- 5.1 **Prepare experience studies of the defined benefit retirement funds.** Prepare a three-year experience study of the State Employees Retirement Fund – General Employees Retirement Plan. Study will cover the period beginning July 1, 2022, through June 30, 2024, with the final report. The final report shall contain the experience study results and Contractor’s recommendations for changing actuarial assumptions, as deemed appropriate, for both the “funding” and “financial reporting” actuarial valuation purposes. Present such recommendations to the MSRS Board of Directors. When MSRS requests, conduct experience studies for one or more of MSRS’ other defined benefit retirement funds. Experience studies must be completed according to LCPR prescribed actuarial standards.

Prepare a three-year experience study of the State Employees Retirement Fund – General Employees Retirement Plan as well as experience studies for one or more of MSRS’ other defined benefit retirement funds as requested.

- 5.2 **Prepare projection valuation studies of the retirement plans.** Conduct projection valuation studies for one or more of MSRS’ defined benefit retirement plans (other than the LCPR-required projections). This includes analyzing and reporting results to MSRS’ Board of Directors.
- 5.3 **Perform consultation services not otherwise defined.** Provide various consultation services on technical, administrative and tax regulation matters (this includes tax consultations and preparation of determination-letter requests for new or terminated plans), and requests from the LCPR as directed by MSRS. Present a written fee quote to MSRS’ Executive Director or appointed designee prior to performing the miscellaneous consultation services. Consulting services will encompass all retirement plans administered by MSRS consisting of:
- a. Defined Contribution Retirement Plans including the Health Care Savings Plan, Unclassified Employees Retirement Plan, Hennepin County Supplemental Retirement Plan, and the Minnesota Deferred Compensation Plan.
 - b. Defined Benefit Retirement Plans including the General Employees Retirement Plan, Military Affairs Retirement Plan, Transportation Pilots Retirement Plan, Fire Marshals Retirement Plan, State Patrol Retirement Plan, Correctional Employees Retirement Plan, Judges Retirement Plan, the Legislators Retirement Plan.
- 5.4 **Prepare reports projecting demographic trends.** Prepare demographic trend reports that will impact future service and financial demands. These reports will include projecting the number of members reaching retirement age at various points in the future, studies to learn the number or proportion of members in various age categories at certain points in the future, projected rates of new member growth, or other demographic studies.

Contractor will conduct projection valuation studies for the MSRS Fund as requested.

Provide decrement specific projections which include decreases or increases in anticipated member growth rates, capturing the number of members in various age categories (including those eligible for retirement) at certain points in the future to help MSRS determine anticipated staffing needs.

5.5 **Update actuarial factors.** Provide consulting services related to the update of actuarial factors for certain MSRS retirement plans:

- Early retirement factors under various scenarios for the General Employees Retirement Plan (General Plan) and the Legislators Retirement Plan;
- Joint and survivor, and certain and life factors for the General Plan, Correctional Employees Retirement Plan (Correctional Plan), State Patrol Retirement Plan, Judges Retirement Plan, and Legislators Retirement Plan;
- Joint and survivor, and certain and life factors for disabled General Plan retirees;
- Early reduction factors for survivors for the General Plan and the Correctional Plan;
- Term certain conversion factors for survivors and children in the General and Correctional Plans;
- Factors for Correctional Plan accelerated benefits;
- Modified Cash Refund factors for the Unclassified Employees Retirement Fund;
- Actuarial formulas (not including the Modified Cash Refund factors) and spreadsheets including mortality rates and sample actuarial calculations for current factors and updated factors;
- Unisex life annuity present value factors for the General, Correctional, State Patrol, and Judges Retirement Plans;
- “Bump” factors (Pension Reform and Uniformity Provisions);
- Electronic copies (values-only Excel files) of all new factor tables; and
- Information to the LCPR consulting actuary to facilitate their required review of the updated factors.

Participate in meetings (in person and virtual), conference calls, and discussions pertaining to MSRS’ update of the previously mentioned actuarial factors.

5.6 **Prepare various actuarial operating tables and factors.** From time to time, these tables and factors may be required for operation of the system. These actuarial operating tables and factors include, but are not limited to, mortality tables, option tables for annuitants, survivor benefit factors, and programs for service purchase calculations, required reserve figures, and present value calculations. Provide routine tables to MSRS staff in an Excel format or some other agreed upon format.

Provide actuarial tables and factors as requested by MSRS. Provide MSRS with appropriate actuarial tables and factors as may be required for operation of MSRS. Coordinate with MSRS on any PC program development for this purpose as deemed needed by MSRS.

5.7 **Recommend possible improvements in MSRS’ financing and benefit structure.** Contractor will inform MSRS of any new developments in the retirement industry and their effect on the financing and benefit structure of a retirement system. Contractor will keep the MSRS Board of Directors and the Executive Director, or appointed designee, apprised of current trends, changes, and advancements within the actuarial profession. Any analysis of financing and benefit changes that Contractor performs must include a risk assessment that involves examining various economic scenarios.

Contractor will make recommendations to the MSRS Board regarding the benefit structure and the financing mechanism for each covered program. New developments in the benefits industry and their effect on the financing and benefit structure of public systems will be brought to the attention of the Board as deemed appropriate.

- 5.8 **Assist MSRS in developing legislation or proposed changes to existing retirement laws.** Assist MSRS in developing specific strategies for resolving any policy or administrative problems associated with implementing new legislation. Contractor will keep MSRS informed of emerging issues at the state and federal level that deserve MSRS' attention. Contractor will provide MSRS' Executive Director or appointed designee with pertinent Contractor publications.

Assist MSRS in drafting new legislation or proposed changes to existing retirement laws which govern the System. Assist MSRS in developing specific strategies for resolving any policy or administrative problems associated with implementing new legislation.

Contractor will keep MSRS informed of any emerging Federal and State issues that might impact MSRS. This includes ongoing resources for emerging state issues.

- 5.9 **Assist MSRS with implementation of new amendments to Governmental Accounting Standards Board (GASB) pronouncements that pertain to pension accounting and financial reporting and other post-employment benefits.** Assist MSRS in providing information necessary to comply in a timely manner with GASB Statements No. 67 and No. 68 and any subsequent amendments.

Assist MSRS in the application of new Governmental Accounting Standards Board (GASB) pronouncements that pertain to pension accounting and financial reporting and other post-employment benefits.

- 5.10 **Advise on special benefit cases.** Contractor will review individual benefit applications (i.e. complex marriage dissolutions) and perform computations related to special cases.
- 5.11 **Share "funding" actuarial valuation results with LCPR's consulting actuary.** Provide the LCPR's consulting actuary with necessary documentation and test samples to validate the liabilities calculated during the annual "funding" actuarial valuation process. Contractor must respond to the LCPR consulting actuary's requests for information and questions within two business days.

Provide the LCPR's consulting actuary with necessary documentation and test samples to validate the liabilities calculated during the annual actuarial valuation process in the requested timeframe.

- 5.12 **Deliver customized education sessions to the MSRS Board of Directors and MSRS staff.** Prepare and deliver at least two educational sessions to the MSRS Board of Directors per State of Minnesota fiscal year. These educational sessions will cover, at a minimum, key actuarial concepts and the impact of proposed MSRS legislation, policies, and changes to actuarial assumptions or plan provisions on each MSRS retirement fund's funding status. Prepare and deliver annually at least one customized educational session on basic actuarial concepts and recent actuarial valuation results to MSRS staff.
- 5.13 **Attend LCPR Meetings.** Attend and testify at LCPR meetings about actuarial concepts or standards of practice, actuarial valuation results, and any proposed legislation to change existing retirement laws, including actuarial assumptions.
- 5.14 **Share "financial reporting" actuarial valuation results with the Office of the Legislative Auditor's (OLA) consulting actuary.** Provide the OLA's consulting actuary with necessary documentation and test samples to validate the total pension liability calculated during the annual "financial reporting" actuarial valuation process. Contractor must respond to the OLA consulting actuary's requests for information and questions

within two business days. Review the OLA consulting actuary's final report when it is publicly available and provide comments and recommendations, if any, to MSRS to ensure continued GASB compliance if applicable.

6. Projection Tools

- 6.1 Provide Access and Training to Funding Projection Tools.** Provide MSRS access to and training on various tools for use with the General Employees Retirement Plan, Correctional Employees Retirement Plan, Judges Retirement Plan and the State Patrol Retirement Plan. Computer-based tools will help MSRS project the impact of changes to retirement plan provisions on the funding ratio and other actuarial performance measures, using various what-if scenarios.
- 6.2 Develop, deliver, and install a projection model based on the most recent valuation results and current plan provisions.** Model would project actuarial contribution rates and statutory sufficiency (deficiency), asset and liability measures, and the unfunded accrued liability. Model would allow MSRS to make projections based on changes to key variables such as investment return, amortization period, inflation rates, and future payroll growth scenarios.
- 6.3 Provide decrement specific projections** which include decreases or increases in anticipated member growth rates, capturing the number of members in various age categories (including those eligible for retirement) at certain points in the future to help MSRS determine anticipated staffing needs.

Remainder of Page Intentionally Left Blank

Exhibit D: Price

This page is "Intentionally Left Blank" for Contract Sample purposes. After the contract has been awarded to the selected contractor, the Price will be on this page as Exhibit D and it will become part of the actual, executed contract.