



State of Rhode Island Office of the General Treasurer

REQUEST FOR PROPOSALS TO PROVIDE Independent Investment Consulting for 529, 401(a), FARP and 457(b) Plans

**Office of the General Treasurer James Diosa
State House
82 Smith Street
Providence, RI 02903**

**Rhode Island State Investment Commission
One Capitol Hill
Providence, RI 02908**

**RFP Issued: December 12, 2023
Proposals Due: January 12, 2024 by 5:00 p.m. EST**

SECTION I: GENERAL INFORMATION

The Office of the General Treasurer, Investments Division and The State Investment Commission

The Investment Division within the Office of the General Treasurer ("Treasury") provides investment, cash and debt management services for the State of Rhode Island (the "State"). The Investment Division's staff interfaces daily with custodians, consultants, and fund managers on administrative matters and the transfer of funds.

The Investment Division manages the investment portfolio for the Defined Benefit Plan for the State. Other investment portfolios are outsourced to professional asset management firms, based on recommendations by staff and consultants and approval by the State Investment Commission ("SIC"). Staff and consultants also monitor these managers closely, holding them accountable for performance and making changes as necessary.

The ten-member State Investment Commission, chaired by the General Treasurer, determines the State's investment policies. The SIC oversees over \$12 billion in assets for the Employees' Retirement System of Rhode Island and investments in the TIAA-CREF defined contribution plan, a 401(a) program. It also sets policies for investments of the Other Post-Employment Benefits trust and the State's FICA Alternative Retirement Plan and 457(b) plans, as well as the 529 programs, including CollegeBound Saver, CollegeBound 529, and RI's ABLE 529A. The SIC typically meets 10 times per year and receives investment performance reports from Treasury staff and consultants.

Treasury and the SIC are seeking investment consulting services for the following plans:

CollegeBound Saver and 529, the State's College Savings Programs

The CollegeBound Saver ("CBS") and CollegeBound 529 ("CB529") are structured as qualified tuition programs under Section 529 of the Internal Revenue Code of 1986, as amended. The program was launched in 2000. The program is managed by Ascensus Government Savings ("AGS") in accordance with the requirements of Section 529. Invesco serves as the investment manager and distributor of the CB529 Plan. In total, CBS and CB529 represent approximately \$3.9 billion in assets and 163,000 funded accounts.

The State's Defined Contribution Program (401(a))

The State's 401(a) plan was established as of July 1, 2012 under R.I. Gen. Laws § 36-10.3. TIAA serves as the Plan's recordkeeper. The 401(a) plan has approximately 41,000 accounts and over \$1.7 billion in assets. The 401(a) plan is funded by mandatory biweekly contributions from both employees and employers and includes state employees, municipal employees, teachers, and some public police and fire employees.

FICA Alternative Retirement Plan (FARP)

TIAA also administers the FICA Alternative Retirement Plan, which has approximately \$4 million in assets and 2,000 accounts. FARP was established effective December 15, 2013, for most part-time, seasonal, and temporary employees.

The State's Deferred Compensation Program (457(b))

The deferred compensation program is run in conjunction with the Department of Administration's Office of Employee Benefits. The deferred compensation program was established under R.I. Gen. Laws § 36-13-1 in 1975. The law mandates that the State must provide employees with three 457(b) program options. The current recordkeepers are Fidelity, with approximately 1900 accounts and \$191 million in assets, TIAA with approximately 1,350

accounts and \$58 million in assets, and Voya with approximately 4,500 accounts and nearly \$220 million in assets.

SECTION II: Purpose of RFP

Purpose and Term of RFP

Treasury and the SIC are seeking an individual or firm to serve as an independent consultant to assess the investments of the 529, 401(a), FARP and 457(b) plans, to provide input and analysis for investment options and to advise on investment policy. It is anticipated that the engagement will be for a period of three (3) years with the possibility for one (1) year extensions to be negotiated at the time of selection. The SIC may choose to terminate the contract prior to the expiration date by providing written notice.

Contacts and Lobbying

Treasury and the SIC are issuing the RFP. No contact with any other SIC board member, the Office of the General Treasurer or state official is permitted with respect to this RFP, any proposal submitted in response to the RFP, or the contract to be awarded under this RFP. This prohibition includes, but is not limited to, any lobbying efforts directed at the State's legislators or any State officer or employee who might reasonably be considered to have influence over the process and final outcome.

A violation of the contact provisions described in this RFP may result in immediate disqualification from this and any future business opportunities with the Office of the General Treasurer and/or the SIC.

SECTION III: Scope of Work

- A. Serve as the State's expert on the national college savings landscape and offer recommendations regarding investment option(s) and underlying investments to position CollegeBound as a "best in class" state-sponsored college savings program. Provide regular updates of economic, regulatory and market conditions that could impact 529 investments.
- B. Serve as the State's expert on public sector deferred compensation plans and offer recommendations regarding investment option(s) and underlying investments to position the State of Rhode Island as providing "best in class" options for the deferred compensation program to qualified employees. Provide regular updates of economic, regulatory and market conditions that could impact the 457(b) program.
- C. Serve as the State's expert on public sector defined contribution plan and offer recommendations regarding investment option(s) and underlying investments to position the State's defined contribution plan as "best in class." Provide regular updates of economic, regulatory and market conditions that could impact 401(a) plan and FARP.
- D. Serve as the State's expert on retirement savings by providing regular updates on regulatory changes and trends in retirement savings for public sector employees.
- E. Provide recommendations concerning long-term investment policy, objectives, statements and strategy for the CBS and CB529 plans, the defined contribution plan, the FARP, and the deferred compensation plans.

- F. Provide suggestions as to the appropriate benchmarks for the various asset classes and an evaluation of the asset allocations for the plans' target-date/age-based glide paths.
- G. Monitor investment performance of all plan portfolios/investment options and the underlying funds. Provide a quarterly written evaluation of the performance of portfolios/investment options and underlying funds including attribution of such performance against benchmarks.
- H. Provide a relative strength and weakness analysis of all plan investment options against other similar program investment options on at least a quarterly basis including investment and asset trends, underlying fees, and universe evaluations.
- I. Present an annual review for the CBS and CB529 plans, along with the 401(a), FARP and deferred compensation plans, at SIC meetings. The annual review should detail findings and recommendations related to each plan's investment structure, fees, investment options (qualitative and quantitative manager due diligence) and Investment Policy Statement.
- J. Work with the staffs of Treasury and State of Rhode Island Department of Administration as needed. Conduct a total of four onsite meetings per year and frequent communication via video conferences.
- K. Participate in program manager/recordkeeper status calls, including quarterly Ascensus/Invesco, TIAA, Voya and Fidelity meetings, along with bi-monthly TIAA 401(a) discussions.
- L. Review investment-related participant communication.
- M. Assess investment options and underlying fund recommendations made by program managers/recordkeepers.
- N. Assist in drafting, issuing and evaluating investment-related sections of RFPs for all program and investment managers if requested.
- O. Assist in drafting or updating Investment Policy Statements as needed.
- P. Assist the SIC in monitoring and, when appropriate, offer recommendations for changes to investments including investment philosophy and investment options including underlying funds, asset allocations and glide paths for target-date funds.

Minimum Qualifications

Proposals that do not meet the following minimum requirements, or do not comply with the specifications or material terms and conditions of this RFP shall be considered non-responsive and may be rejected. Respondents must demonstrate they meet these minimum requirements in their responses to this RFP and must expressly set forth any exceptions to the following minimum qualifications.

- A. At least five (5) years of experience consulting on 529 and defined contribution/deferred compensation plan investments and plan structure. Respondent must demonstrate fundamental proficiency with 529 college savings programs and participant directed retirement plans.

- B. Firm-wide assets under advisement of at least \$1 billion ending September 30, 2023, either in one stand-alone state plan or cumulatively among various clients.
- C. Respondent must provide 1) an affirmative statement that the firm and all assigned key professional staff are properly registered or licensed to provide investment consulting and 2) both parts of the respondent's most recent Form ADV currently on file with the Securities and Exchange Commission.
- D. Firm/personnel have not been censured by the SEC or subject to any material regulatory action within the last five (5) years. Firm/personnel have not been involved in any material litigation in the past five (5) years.
- E. Direct responsibility for the management of the account by the respondent, and all personnel responsible for the account must be employees of the firm.
- F. The firm must be willing to contractually agree to disclose all potential conflicts of interest as such exist or occur, and annually disclose all sources of revenue and all affiliations, including but not limited to all commission arrangements.
- G. The firm must be willing to contractually agree to be a fiduciary to the plans.

Information Requested

Please address each of the following in your response and limit your response to 30 pages.

Part 1: Organization

1. Provide the following information:

Specific (proper) name of organization	
Company's address	
Year founded	
Year firm became SEC registered & File #	
% of firm owned by employees	
% of employees with ownership stake	
Parent Company (or equivalent)	

2. List all current owners of the firm and % ownership:

Name/company	Relationship to firm (if any)	% owned

3. Briefly describe (5 sentences or less) the pertinent services firm provides.
4. List the percentage of the firm's business represented by consulting on 529 plans, defined contribution plans, and deferred compensation plans.
5. Describe firm's history. Detail any ownership and/or firm structural changes.
6. Is the organization involved in any other business other than consulting? Is the firm also a registered investment manager? If yes, please explain.

7. If your organization is a subsidiary, affiliated with another firm or there is outside ownership, please address the nature of the relationship, method of communication, hierarchy of decision making and degree of influence.
8. Provide an organizational chart.
9. Complete the following chart:

Firm Wide

	2023 year-to-date (as of Sept 30, 2023)			2022			2021			2020		
	Total	Gain	Loss	Total	Gain	Loss	Total	Gain	Loss	Total	Gain	Loss
Total clients												
Total assets under advisement												

10. Disclose any termination for cause from any contract in the past three (3) years. Cite background of the contract, reason for termination, and remedies the respondent has employed to preclude similar circumstances from reoccurring.
11. Describe plans for managing the future growth of firm in terms of:
 - a. Total number of clients that will be accepted;
 - b. Total assets advisable;
 - c. Plans for additions to professional staff and approximate timing in relation to anticipated growth in the number of clients or assets.
12. Disclose any current potential conflicts.
13. Identify any pending or threatened investigations by the U.S. Securities and Exchange Commission, any state attorney general or securities commissioner, or any other regulatory body or any pending litigation or action asserting illegal or unlawful conduct of firm, or any of firm's directors, officers or (other) employees. Have there been any such investigations or litigation in the past five (5) years? If so, please describe the current status of any pending or threatened investigation, litigation or action and the results of any concluded investigation, litigation or action. Disclosure should include enough information to allow assessment of the relevance of any such investigation or proceeding to the ability to provide the described services.
14. List any ancillary services the firm provides.
15. Provide information on the employee composition of your firm indicating the total number of employees and the total number and percentages of minorities and women employed as managing directors, senior vice presidents, vice presidents, associates, analysts, and clerical/technical support.
16. Describe how your firm fosters diversity, equity, and inclusion. State your firm's willingness to respond and participate in the diversity survey periodically conducted on behalf of the Office of the Rhode Island General Treasurer.

Part 2: Philosophy on 529s and participant directed retirement plans

17. Provide the firm's views on the 529 investment landscape and specifically what 529 programs need to do to remain competitive.
18. Provide the firm's views on the defined contribution and deferred compensation landscape, specifically in reference to the public sector.
19. What is the firm's approach to assessing glide paths, including complexity of asset classes and trajectory of adjustments?
20. What is the firm's investment philosophy relating to active vs. passive investment management?

Part 3: Skills & Experience

21. Who should be contacted regarding any questions about the information contained in your response to this RFP?

	Name/title/address	Phone	Email
RFP contact			
Senior Manager			
Primary Consultant			

22. Complete the following table with information for key personnel associated with the mandate. *Please order the individuals in terms of product-specific relevance (most key decision makers).*

Name (include designations)	Title	Highest level of education	Institution attended	Years with firm	Years involved with product	Years in current capacity	Years of investment experience

23. Provide biographies or resumes of all personnel associated with the engagement.
24. List all 529 plans, defined contribution plans, and deferred compensation plans the firm consults for, the assets under advisement for each plan, the duration of the relationship in years, the percentage of assets of each such plan that are advisor sold, percentage of assets in glide paths and glide path construction (active, blend or passive).
25. Describe any experience consulting on an RFP process to select a participant directed savings plan's program manager/recordkeeper. Include the assets under advisement for each plan where an RFP process was managed. List the criteria and scoring evaluation used in determining the recordkeeper and investment manager. If the firm does not have such experience, describe the criteria and scoring methodology that the firm would use.

Part 4: Reporting

26. Describe the overall process for monitoring and reporting on market trends and developments.
27. Provide examples of monthly, yearly and quarterly performance reports.
28. List the sources of information used to evaluate funds and managers.

Part 5: References

Please secure permission from your clients to permit reference checks.

29. Provide the organization name, address, telephone number, contact name and title for three (3) references. At least two (2) of the references must be from firms/individuals involved with the 529, defined contribution or deferred compensation industry.
30. Provide two (2) recent examples of 529 client research reports or analytics you have prepared.
31. Provide a sample recommendation and/or due diligence report for both hiring a manager and terminating a mandate.

SECTION IV: Proposed Fee

1. Provide the flat hard dollar annual fee the Firm would charge for providing all the services previously described in this RFP. Breakdown your proposal to detail the cost for the 401(a), FARP and 457(b) plans vs. the CBS and CB529 program. The fees quoted should include all travel, preparation of memoranda and/or presentations to the SIC, other out-of-pocket expenses. Assume a total of four onsite meetings per year (two for the 401(a), FARP and 457(b) plans and two for the CBS and CB529 program).
2. Please identify other expenses (not identified above), if any, that Firm intends to charge.

Fees are a material element in selection. The SIC, Treasury and staff reserve the right to negotiate fees and request best and final offers. Cost, however, is only one of several factors used to evaluate proposals and the SIC may select the organization other than the lowest cost provider.

SECTION V: Additional Non-Investment-Related Services and Proposed Fees

Treasury and the SIC currently receive additional non-investment-related general consulting services as part of the CBS and CB529 Program. These services include operations support, compliance expertise, and assistance with Request for Proposal ("RFP") formation, RFP response evaluation, and review of and assistance with any contract arising out of any such RFP.

Treasury and the SIC are also considering expanding the use of general consulting services on various operational and marketing tasks to include the following:

- A. Direct and advise on the contract negotiation processes between CBS and CB529 and its program manager, investment manager, marketing agency, and service providers.
- B. Advise Treasury and the SIC regarding delivering appropriate information, including marketing tactics and program disclosure effectively to financial professionals, account owners and the general public.
- C. Advise on governance and industry best practices, including annual diligence of program partners.

- D. Evaluate and advise on future opportunities to ensure CBS and CB529 maintain quality products and synergy.
- E. Advise regarding program enhancements such as child development accounts, scholarships and other loyalty builders.
- F. Participate in distribution/marketing meetings with the program manager and investment manager/distributor.

Questions:

- 1. Describe your Firm's expertise in providing the additional services described. If a sub-contractor will be utilized, please detail the arrangement, experience of the sub-contractor, and sub-contractor's registration.
- 2. Complete the following table with information for key personnel associated with the additional services' mandate. *Please order the individuals in terms of product-specific relevance (most key decision makers).*

Name (include designations)	Title	Highest level of education	Institution attended	Years with firm	Years involved with product	Years in current capacity	Years of investment experience

- 3. Provide the flat hard dollar annual fee the Firm would charge for providing the current additional services described in this RFP, along with a flat hard dollar annual fee for the additional services that are being considered. The fees quoted should include all travel, preparation of memoranda and/or presentations to the SIC, and other out-of-pocket expenses. Assume up to one onsite meeting per year.
- 4. Please identify other expenses (not identified above), if any, that Firm intends to charge for these additional services.

SECTION VI: Selection Process

Schedule

RFP Issued

Deadline for proposers to submit questions

Response to questions

RFP Responses due

Presentations with Questions from State (targeted)

Selection (targeted)

Approval by the SIC (targeted)

December 12, 2023

December 22, 2023, 5:00 PM EST

January 5, 2024

January 12, 2024, 5:00 PM EST

January 22-26, 2024

February 2, 2024

February 28, 2024

Respondents' Questions

If there are any questions, firms should submit their questions to rfps@treasury.ri.gov no later than 5:00 P.M. EST on December 22, 2023. All questions will be aggregated and posted publicly on the RFP section of www.treasury.ri.gov. Treasury staff will not answer questions verbally or individually during the RFP process.

Submission of Responses

Firms should submit one (1) electronic copy of their proposal in PDF format to rfps@treasury.ri.gov no later than 5:00 P.M. EST on January 12, 2024. Please title your electronic submission(s) with "Participant Directed Consultant – (Company Name)" in the subject line. Please also submit fee information in a completely separate file labeled clearly as "Fee Proposal – Participant Directed Consultant – (Company Name)." Proposals received after the deadline will not be considered.

Proposal Format

Proposals should be prepared in a concise manner, delineating the firm's capabilities to satisfy the requirements of this RFP. To expedite the evaluation of proposals, it is essential that firms follow the format and instructions contained herein. Proposals must include substantial evidence of the firm's commitment and ability to undertake the services required and outlined in this RFP.

A signed transmittal letter, no longer than one (1) page, should accompany each proposal setting forth the pertinent aspects of the proposal. The transmittal letter should designate the employee of the respondent firm who is authorized to communicate on behalf of the respondent with respect to this RFP, any proposal submitted in response to the RFP, or the contract to be awarded under this RFP.

Treasury reserves the right to request and consider supplements to proposals after the deadline for initial proposals, until such time as a contract with a particular respondent is finalized. Treasury also reserves the right, in its sole discretion, to reject any and all responses to this RFP, to waive any minor irregularities or informalities in a response and to enter into any agreement deemed by the State to be in its best interest.

Evaluation of Responses

The Independent Investment Consultant will be selected based upon an assessment of the firm's ability to provide the services as described above and the firm's proposed bid. The selection process will consider the relevant experience of the firm, the strength of the proposal, the demonstrated ability and willingness of the firm to structure the best possible delivery of services, and the cost of the proposed services.

During the evaluation process Treasury staff and the SIC reserve the right to request additional information or clarification from those submitting responses. Respondents may be asked to participate in a telephone interview, an in-person interview in Rhode Island or an on-site visit at the respondent's place of business.

The RFP does not commit Treasury or the SIC to make any selection or to pay any costs incurred in the preparation of the responses or attendance at interviews. Treasury and the SIC reserve the right to accept or reject any or all responses received as a result of this RFP, to waive any nonconformity with the provisions hereof, to negotiate with any qualified source, or to cancel, in part or in its entirety, this RFP. All proposals shall become the property of Treasury and shall be subject to public records request under the Rhode Island Access to Public Records Act, R.I. Gen. Laws § 38-2-1 *et seq.*

EVALUATION CRITERIA

The criteria for evaluation and weight assigned to each are summarized below.

- | | |
|-----------------------------------|-----------|
| A. Organizational Characteristics | 40 points |
| 1. Organization/staff experience | |
| 2. Compliance | |
| 3. Client service | |

- | | |
|---|-----------|
| B. Investment Philosophy Analysis & Process | 30 points |
| 1. Philosophy/process | |
| 2. Research and resources | |
| 3. Risk Analysis | |
| C. Performance and Risk Reports | 15 points |
| D. Fees | 15 points |

Other Considerations and Restrictions

Confidentiality: The Treasury and/or the SIC shall treat all documents submitted by a Respondent in response to this RFQ as public records upon the selection of legal counsel. The release of public records is governed by Rhode Island General Laws § 38-2-1 et seq. ("APRA"). Respondents are encouraged to familiarize themselves with this law before submitting a proposal.

By submitting a proposal, Respondent agrees that the Treasury and/or the SIC may reproduce Respondent's proposal for purposes of facilitating the evaluation of the proposal or to respond to requests for public records. Respondent consents to such reproduction by submitting a proposal and further warrants that such reproduction does not violate its rights or the rights of any third parties.

Any request by Respondent that records submitted by them be exempt from being considered public records must be included in the cover letter with the Respondent's proposal. In addition, Respondent must enumerate the specific grounds upon which the APRA or other applicable law supports treatment of the documents as exempt from being considered a public record, and further, the factual basis, if any, upon which they rely in asserting that the documents should be exempt. Any request for treating records submitted as being exempt must also include: the name, address, and telephone number of the person authorized by the Respondent to respond to any inquiries by the Treasury and/or the SIC regarding such an assertion.

Any proposals submitted which contain non-public records must be conspicuously marked on the outside as containing non-public information, and each page upon which non-public information appears must be conspicuously marked as containing non-public information. Identification of the entire proposal as being non-public records may be deemed non-responsive and may disqualify the Respondent.

If the Respondent designates any portion of the proposal as being a non-public record, the Respondent must submit one (1) copy of the proposal from which the non-public record is deleted or redacted. This copy shall be submitted in addition to the number of copies requested in Section V of this RFP. The non-public records must be excised in such a way as to allow the public to determine the general nature of the information redacted and retain as much of the proposal as possible.

The Treasury and/or the SIC will treat the records marked as non-public as being confidential information to the extent such information is determined confidential under the APRA or other applicable law or by a court of competent jurisdiction. The Respondent's failure to request records submitted as being non-public records will be deemed as a waiver of any right to confidentiality, which the Respondent may have had.

Restrictions on gifts: State ethics laws restrict gifts which may be given or received by employees and directors and requires certain individuals to disclose information concerning their activities with State government.

Respondents are responsible to determine the applicability of these laws to their activities and to comply with the requirements. In addition, it is a felony offense to bribe or attempt to bribe a public official.

State Code of Ethics: The State of Rhode Island and Treasury are committed to maintaining the highest standards of ethics in the awarding of contracts. Respondents should be familiar with and abide by the State Code of Ethics, as set forth in Rhode Island General Laws § 36-14-1 et seq., and any additional regulations as provided on the State Ethics Commission website <http://www.ethics.ri.gov/code/>.

Non-Discrimination: All proposals shall be considered on their merit in accordance with the criteria specified herein and shall not exclude any person, firm, or other entity, from consideration on the grounds of race, color, religion, sex, sexual orientation, gender identity or expression, age, national origin, or disability. For more information, see the State of Rhode Island Office of Diversity, Equity & Opportunity website at <http://odeo.ri.gov/offices/eoo/>.

Placement Agent Disclosure Certificate: It is the Treasury's policy to prohibit the use of placement agents with respect to work performed for the Treasury and/or SIC, and to require disclosure regarding vendors use of placement agents in other aspects of their business.

Code of Conduct Investor Pledge: The Treasury has a strict policy with regard to political contributions and the adherence to the rules and laws drafted by the Securities and Exchange SIC (SEC), including the Investment Advisers Act of 1940 CFR Part 275, Rule 206(4)-5 and the Municipal Securities Rulemaking Board (MSRB), including Rule G-37. The successful Respondent will be required to comply with said policy and to complete and sign an appropriate disclosure statement.

Transparency in Government Agreement: The Treasury and the SIC recently adopted policies addressing transparency in government. The transparency in government agreement can be found at <http://investments.treasury.ri.gov/investment-philosophy/>.

The placement agent disclosure certificate, the code of conduct investor pledge can be referenced at: <http://data.treasury.ri.gov/dataset/investment-manager-and-consultant-policies-and-pledges>.

All forms will be required to be signed upon engagement, where applicable.

Governing Law

The executed agreement shall be interpreted and construed under the laws of the State of Rhode Island without reference to its conflicts of laws principals.