



REQUEST FOR PROPOSAL (RFP) – BID# 7519371

MORAL OBLIGATION DEBT ANALYSIS

SUBMISSION DEADLINE: Friday, October 25, 2013 at 11:30 AM (ET)

PRE-BID CONFERENCE: **NO**
 YES _____

Mandatory: **NO**
 YES: Any vendor who intends to submit a bid proposal in response to this solicitation must have its designated representative attend the mandatory pre-bid conference. The representative must register at the pre-bid conference and disclose the identity of the vendor whom he/she represents. Because attendance at the pre-bid conference is mandatory, a vendor’s failure to attend and register at the pre-bid conference shall result in disqualification of the vendor’s bid proposal as non-responsive to the solicitation.

Buyer Name: Daniel W. Majcher, Esq.
Title: Assistant Director, Special Projects

QUESTIONS concerning this solicitation must be received by the Division of Purchases at (rfp.questions@purchasing.ri.gov) no later than (Monday, October 14, 2013, 5:00 PM (ET)). Questions should be submitted in a *Microsoft Word attachment*. Please reference the bid number (Bid #7519371) on all correspondence. Questions received, if any, will be posted on the Rhode Island Division of Purchases website as an addendum to this solicitation. It is the responsibility of all interested parties to download this information.

SURETY REQUIRED: **NO**

BOND REQUIRED: **NO**

DISK BASED BID: **NO**
 YES: See attached Disk Based Bidding Information

NOTE TO VENDORS:
 Vendors must register on-line at the Rhode Island Division of Purchases website at www.purchasing.ri.gov. Offers received without the completed four-page Rhode Island Vendor Information Program (RIVIP) Generated Bidder Certification Cover Form attached may result in disqualification.

THIS IS NOT A BIDDER CERTIFICATION FORM

SECTION 1: INTRODUCTION

The Rhode Island Department of Administration (“Department”), Division of Purchases (“Division”) seeks, on behalf of the Office of Management and Budget (OMB) of the State of Rhode Island, to retain services of one or more qualified vendors to develop a robust market study and comparative analysis of the potential reputational, financial, and other relevant impacts on the State of Rhode Island, its quasi-public and municipal sub-entities, and municipal bondholders of potential state actions related to honoring moral obligation bond debt. Proposals must comply with the terms of this Request for Proposals and the State’s General Conditions of Purchase, which may be obtained at the Rhode Island Division of Purchases Home Page by Internet at www.purchasing.ri.us. The contract period will begin approximately November 1, 2013.

This is a Request for Proposals, not an Invitation for Bid. Responses will be evaluated on the basis of the relative merits of the proposal, in addition to price; there will be no public opening and reading of responses received by the Division of Purchases pursuant to this Request, other than to name those offerors who have submitted proposals.

INSTRUCTIONS AND NOTIFICATIONS TO OFFERORS:

1. Potential vendors are advised to review all sections of this RFP carefully and to follow instructions completely, as failure to make a complete submission as described elsewhere herein may result in rejection of the proposal.
2. Alternative approaches and/or methodologies to accomplish the desired or intended results of this procurement are solicited. However, proposals which depart from or materially alter the terms, requirements, or scope of work defined by this RFP will be rejected as being non-responsive.
3. All costs associated with developing or submitting a proposal in response to this RFP, or to provide oral or written clarification of its content shall be borne by the vendor. The State assumes no responsibility for these costs.
4. Proposals are considered to be irrevocable for a period of not less than 120 days following the opening date, and may not be withdrawn, except with the express written permission of the State Purchasing Agent.
5. All pricing submitted will be considered to be firm and fixed unless otherwise indicated herein.
6. Proposals misdirected to other state locations, or which are otherwise not present in the Division at the time of opening for any cause will be determined to be late and will not be considered. For the purposes of this requirement, the official time and date shall be that of the time clock in the reception area of the Division.
7. It is intended that an award pursuant to this RFP will be made to a prime vendor, or prime vendors in the various categories, who will assume responsibility for all aspects of the work. Joint venture and cooperative proposals will not be considered. Subcontracts are permitted, provided that their use is clearly indicated in the vendor’s proposal and the subcontractor(s) to be used is identified in the proposal.

8. All proposals should include the vendor's FEIN or Social Security number as evidenced by a W9, downloadable from the Division's website at www.purchasing.ri.gov by registered vendors.
9. The purchase of services under an award made pursuant to this RFP will be contingent on the availability of funds.
10. Vendors are advised that all materials submitted to the State for consideration in response to this RFP will be considered to be Public Records as defined in Title 38, Chapter 2 of the General Laws of Rhode Island, without exception, and will be released for inspection immediately upon request once an award has been made.
11. Interested parties are instructed to peruse the Division of Purchases website on a regular basis, as additional information relating to this solicitation may be released in the form of an addendum to this RFP.
12. Equal Employment Opportunity (G.L. 1956 § 28-5.1-1, et seq.) – § 28-5.1-1 Declaration of policy – (a) Equal opportunity and affirmative action toward its achievement is the policy of all units of Rhode Island state government, including all public and quasi-public agencies, commissions, boards and authorities, and in the classified, unclassified, and non-classified services of state employment. This policy applies to all areas where State dollars are spent, in employment, public services, grants and financial assistance, and in state licensing and regulation. For further information, contact the Rhode Island Equal Opportunity Office at (401) 222-3090.
13. In accordance with Title 7, Chapter 1.2 of the General Laws of Rhode Island, no foreign corporation, a corporation without a Rhode Island business address, shall have the right to transact business in the State until it shall have procured a Certificate of Authority to do so from the Rhode Island Secretary of State (401-222-3040). This is a requirement only of the successful vendor(s).
14. The vendor should be aware of the State's Minority Business Enterprise (MBE) requirements, which address the State's goal of ten percent (10%) participation by MBE's in all State procurements. For further information, contact the MBE Administrator at (401) 574-8253 or visit the website www.mbe.ri.gov or contact charles.newton@doa.ri.gov.
15. Insurance Requirements -- Errors and Omissions Coverage: Contractor shall obtain, at Contractor's expense, and keep in effect during the term of this Contract errors and omissions Insurance covering any damages caused by an error, omission or any negligent acts of contractor, its subcontractors, agents, officers or employees under this Contract. Combined single limit per occurrence shall not be less than \$5,000,000. Annual aggregate limit shall not be less than \$5,000,000.

Workers Compensation and Employers Liability: Contractor shall obtain statutory Workers Compensation coverage in compliance with the compensation laws of the State of Rhode Island. Coverage shall include Employers Liability Insurance with minimum limits of \$500,000 each accident, \$500,000 disease or policy limit, \$500,000 each employee.

The State will be defended, indemnified and held harmless to the full extent of any coverage actually secured by the Contractor in excess of the minimum requirements set forth above. The duty to indemnify the State under this agreement shall not be limited by the insurance required in this agreement.

Independent Contractors, neither eligible for nor entitled to, Workers Compensation must file with the Department of Labor and Training, Division of Workers Compensation a Notice of Designation as Independent Contractor Pursuant to RIGL 28-29-17.1 naming the State of Rhode Island Department of Administration as the hiring entity.

The State must be informed of deductibles or self insured retentions greater than \$50,000.

SECTION 2: BACKGROUND

In November 2010, the Rhode Island Economic Development Corporation issued \$75.0 million of taxable revenue bonds under the Job Creation Guaranty Program. The bond proceeds were loaned to 38 Studios, and provided funding to relocate the company's corporate headquarters to Rhode Island and to establish and operate a video gaming studio in the City of Providence. Proceeds also were used to fund a Capital Reserve Fund and Capitalized Interest Fund. Amounts in the Capital Reserve Fund are to be used in the event that 38 Studios fails to make any required loan payments.

In June 2007, 38 Studios filed for Chapter 7 bankruptcy protection and thus is not expected to make debt service payments when due. As a result, the Capital Reserve Fund is expected to be drawn down and the State asked to restore the fund. In accordance with the enabling legislation and the agreement between the Economic Development Corporation, the trustee and 38 Studios, should amounts in the Capital Reserve Fund fall below minimum requirements, the Economic Development Corporation has agreed to present the Governor with a certificate stating the amounts required to restore any shortfall and the Governor is required to include such amounts in his or her budget request for appropriation to the General Assembly.

The General Assembly may, but is not required, to appropriate such amounts. The Governor included \$2.4 million in the FY 2014 recommended budget to provide sufficient funding, when combined with the projected resources in the capital reserve fund, to pay the required debt service in FY 2014. The General Assembly concurred and funded repayment in FY 2014. However, it required the Department of Administration to undertake an analysis of the potential ramifications associated with honoring, or not, the State's morally-obligated debt.

SECTION 3: SCOPE OF WORK

General Scope of Work

The Rhode Island Department of Administration ("Department"), Division of Purchases ("Division") seeks, on behalf of the Office of Management and Budget (OMB) of the State of Rhode Island, to retain services of one or more qualified vendors who have extensive experience in state and local debt and public finances, an understanding of the historical and quantitative conditions of the U.S. Municipal Bond market, and experience with national bond rating agencies and their processes used to evaluate creditworthiness. The qualified vendor(s) will develop a robust market study and comparative analysis of the potential reputational, financial, and other relevant impacts on the State of Rhode Island, its quasi-public and municipal sub-entities, and municipal bondholders of potential state actions related to honoring moral obligation bond debt.

The analysis shall consider, but not be limited to the following:

Specific Activities / Tasks

Develop analysis to compare scenarios under which the state meets or does not meet currently scheduled moral obligation debt payments. All scenarios and related analyses will provide near-term and long-term forecasts detailing the potential impacts, if any. Scenarios should include best-case, worst-case, and likely-case scenarios. The analysis should include:

- Financial, reputational, and other relevant implications associated with each scenario as they relate to any potential bond rating agency actions, market responses, changes in the state and local economy, any of its sub-entities (quasi-public or municipalities) and owners of Rhode Island debt.
- Analysis should put the discussion in context, such as considering and evaluating examples of other state or local entities that have either considered or have actually taken similar actions under the scenarios.
- Evaluate the criteria rating agencies use to determine state and local creditworthiness, how they define and distinguish different types of debt, and the issues the rating agencies may consider or focus on in their review of the various actions considered under the scenarios. The analysis should include likely actions rating agencies may take in response to the scenarios.
- Financial implications/costs to state government, quasi-public agencies, and municipalities, under each scenario for both existing and future debt issuances. This should include the length and severity of any actions that the market may take in response to each of the scenarios.
- Reputational implications to the State and its subsidiaries under each scenario. This should include, but is not be limited to, the potential impacts on the State's overall economy under each scenario. All scenarios and related analysis regarding the potential reputational impacts will provide a near-term and a long-term forecast.
- Potential impacts to the portfolios of those holding Rhode Island outstanding debt per scenario, if this impact, if any, would influence other aspects of the analysis, such as the financial or reputational impacts to state and local government.
- Analyze the potential actions from the insurance company and any associated costs under each scenario.
- Identify other relevant issues to consider, such as any changes in disclosure requirements, interactions with rating agencies, investors, etc.

The vendor(s) retained to support this process will be required to present an executive briefing on the approach and methodologies of the analysis, an overall summary of the findings of said analysis, and a report outlining the analysis, findings with appropriate supporting charts and graphs and any recommendations or conclusions. The audience for this executive briefing may include, but is not limited to: elected officials, senior level state officials from multiple departments of Rhode Island State government, and potentially senior officials from other states and/or federal agencies.

Vendor(s) should expect to have to present and defend their analysis and findings to the Rhode Island House of Representatives and the Rhode Island Senate in televised committee hearings.

The analysis and report shall be completed by December 15, 2013.

SECTION 4: TECHNICAL PROPOSAL

Narrative and format: The separate technical proposal should address specifically each of the required elements:

1. **Staff Qualifications:** Provide staff resumes/CV and describe qualifications and experience of key staff who will be involved in this project, including their experience in public debt and bond market financing, and bond rating agencies and evaluation processes.
2. **Capability, Capacity, and Qualifications of the Offeror:** Please provide a detailed description of the Vendor's experience analyzing bonded indebtedness and market risks and potential rating agency reactions to varying scenarios. A list of relevant client references must be provided, to include client names, addresses, phone numbers, dates of service and type(s) of service(s) provided.
3. **Work Plan and Approach/Methodology:** Please describe in detail, the framework within which the Offerer will analyze market risks and financial implications of potential State actions related to moral obligation bond repayment options. The plan should include a timeline outlining how the work will be accomplished by December 15, 2013. The work plan should also include the level of effort in hours to be provided to complete the engagement.

SECTION 5: COST PROPOSAL

Detailed Budget and Budget Narrative:

Provide a proposal for fees charged for the billing services outlined in this proposal. The proposal should reflect a **flat fixed fee** for the entire project, inclusive of deliverables outlined in the "Specific Activities / Tasks" section. However, for reporting purposes, the cost proposal shall also provide **the title and fully loaded hourly rates (salary/wages plus benefit costs)** for each position multiplied by the level of effort in order to calculate the fixed fee proposed. Other costs in deriving the fixed flat fee should also be itemized.

SECTION 6: EVALUATION AND SELECTION

Proposals will be reviewed by a Technical Review Committee comprised of staff from state agencies. To advance to the Cost Evaluation phase, the Technical Proposal must receive a minimum of 60 (85.7%) out of a maximum of 70 technical points. Any technical proposals scoring less than 60 points will not have the cost component opened and evaluated. The proposal will be dropped from further consideration.

Proposals scoring 60 technical points or higher will be evaluated for cost and assigned up to a maximum of 30 points in cost category, bringing the potential maximum score to 100 points.

The State reserves the exclusive right to select the individual(s) or firm (vendor) that it deems to be in its best interest to accomplish the project as specified herein; and conversely, reserves the right to reject any and all proposals.

Proposals will be reviewed and scored based upon the following criteria:

Criteria	Possible Points
Staff Qualifications	20 Points
Capability, Capacity, and Qualifications of the Offeror	20 Points
Quality of the Work Plan and Approach/Methodology	30 Points
Total Possible Technical Points	70 Points
Cost calculated as lowest responsive cost proposal divided by (this cost proposal) times 30 points *	30 Points
Total Possible Points	100 Points

*The Low bidder will receive one hundred percent (100%) of the available points for cost. All other bidders will be awarded cost points based upon the following formula:

$$(\text{low bid} / \text{vendors bid}) * \text{available points}$$

For example: If the low bidder (Vendor A) bids \$65,000 and Vendor B bids \$100,000 for monthly cost and service fee and the total points available are Thirty (30), vendor B's cost points are calculated as follows:

$$\$65,000 / \$100,000 * 30 = 19.5$$

Points will be assigned based on the offeror's clear demonstration of his/her abilities to complete the work, apply appropriate methods to complete the work, create innovative solutions and quality of past performance in similar projects.

Applicants may be required to submit additional written information or be asked to make an oral presentation before the technical review committee to clarify statements made in their proposal.

SECTION 7: PROPOSAL SUBMISSION

A. Vendor Questions

Questions concerning this solicitation may be e-mailed to the Division of Purchases as instructed on the cover page no later than the date and time indicated on page one of this solicitation. Please reference the RFP # on all correspondence. Questions should be submitted in a Microsoft Word attachment. Answers to questions received, if any, will be posted on the Internet as an addendum to this solicitation. It is the responsibility of all interested parties to download this information. If technical assistance is required to download, call the Help Desk at (401) 222-3766 or lynda.moore@doit.ri.gov. Offerors are encouraged to submit written questions to the Division of Purchases. No other contact with State parties regarding this solicitation will be permitted. Interested offerors may submit proposals to provide the services covered by this Request on or before the date and time listed on the cover page of this solicitation. Responses received after this date and time, as registered by the official time clock in the reception area of the Division of Purchases will not be considered.

B. Proposal Submission

Responses (an original plus four (4) copies) should be mailed or hand-delivered in a sealed envelope marked “**RFP# 7519371 MORAL OBLIGATION DEBT ANALYSIS**” to:

RI Dept. of Administration
Division of Purchases, 2nd floor
One Capitol Hill
Providence, RI 02908-5855

NOTE: Proposals received after the above-referenced due date and time will not be considered. Proposals misdirected to other State locations or those not presented to the Division of Purchases by the scheduled due date and time will be determined to be late and will not be considered. Proposals faxed, or emailed, to the Division of Purchases will not be considered. The official time clock is in the reception area of the Division of Purchases.

RESPONSE CONTENTS

Responses shall include the following:

1. A completed and signed four-page R.I.V.I.P generated bidder certification cover sheet (with original only) downloaded from the RI Division of Purchases Internet home page at www.purchasing.ri.gov.
2. A completed and signed W-9 (with original only) downloaded from the RI Division of Purchases Internet home page at www.purchasing.ri.gov. **Please include with original proposal only.**
3. **A Separate Technical Proposal** describing the qualifications and background of the applicant and experience with and for similar projects, and all information described earlier in this solicitation. The Technical Proposal is limited to ten (10) pages (this excludes any appendices). As appropriate, please include resumes of key staff that will provide services covered by this request.

4. **A Separate, Signed and Sealed Cost Proposal** reflecting the flat rate fee proposed to complete all of the requirements of this project, along with titles and fully loaded rates multiplied by the level of effort (hrs) to arrive at the flat rate fee (see cost proposal information above).
5. In addition to the multiple hard copies of proposals required, Respondents are requested to provide their proposal in **electronic format (CD-Rom, disc, or flash drive)**. Microsoft Word / Excel OR PDF format is preferable. Only 1 electronic copy is requested for each the technical and the cost and it should be placed in the technical or cost proposal marked "original".

CONCLUDING STATEMENTS

Notwithstanding the above, the State reserves the right not to award this contract or to award on the basis of cost alone, to accept or reject any or all proposals, and to award in its best interest.

Proposals found to be technically or substantially non-responsive at any point in the evaluation process will be rejected and not considered further.

The State may, at its sole option, elect to require presentation(s) by offerors clearly in consideration for award.

The State will commission a review team to evaluate and score all proposals that are complete and minimally responsive using the criteria described below. The evaluation of any item may incorporate input from sources other than the vendor's response and supplementary materials submitted by the vendor. Those other sources could include assessments made by evaluators based on findings recorded from reference checks (including but not limited to those supplied by the Vendor), prior experience with or knowledge of Vendor's work, responses to follow-up questions posed by the State and/or oral presentations by the vendors if requested by the review team. The State may elect to use any or all of these evaluation tools.

The State's General Conditions of Purchase contain the specific contract terms, stipulations and affirmations to be utilized for the contract awarded to the RFP. The State's General Conditions of Purchases/General Terms and Conditions can be found at the following URL: <https://www.purchasing.ri.gov/RIVIP/publicdocuments/ATTA.pdf>