

**Employees Retirement Board
Of Rhode Island
Meeting of the Procurement Sub-
Committee
Date of Meeting: October 28, 2004**

The meeting of the Procurement Sub-Committee was called to order at 10:30 a.m., Thursday, October 28, 2004, in the 8th Floor Conference Room, 40 Fountain Street, Providence, RI.

I. Roll Call of Members

Rosemary Booth-Gallogly, served as chair and called the meeting to order at 10:30 a.m. Those in attendance were committee members: John A. Marginson and Kerry Walsh designee for the General Treasurer Paul J. Tavares.

Also in attendance: Frank J. Karpinski, Executive Director, Catherine Avila, Deputy General Treasurer for Administration and Ben Nemser, Chief Financial Officer for Treasury.

II. Discussion of Actuarial Audit RFP

Prior to the meeting Director Karpinski provided committee members with a draft copy of the actuarial audit RFP. The subcommittee first reviewed the RFP for actuarial audit services prepared by the system. After discussion, some minor technical changes were made to the language in certain sections.

The first draft of the RFP requested bidders to provide costs on determination of whether the consulting actuary's most recent actuarial valuation and experience study procedures are technically sound, based on generally accepted actuarial standards. Cost proposals included:

- A full actuarial valuation replication to confirm methods and calculations.
- An opinion only on the recent experience study for a review of the demographic and economic actuarial assumptions for consistency, reasonableness and compatibility.
- A full replication, review of the demographic and economic actuarial assumptions for consistency, reasonableness and compatibility of the most recent experience study.

After discussion and review, the subcommittee requested Director Karpinski to add 2 additional pricing options:

- An option to include only a statistical sample of the data used in the valuation and an opinion on the methodologies and calculations used to confirm valuation results.
- An option to perform a statistical sample of the data used in the experience study and provide an opinion on the demographic and economic actuarial assumptions for consistency, reasonableness and compatibility.

The subcommittee then recommended the system proceed with issuing the RFP for an actuarial audit with the changes prescribed.

III. Discussion of Computer System Maintenance Contract

The subcommittee discussed the extension of the contract for computer system maintenance. This is the component of the ANCHOR system for the day-to-day mechanical operation of the system and daily system maintenance. These functions have been performed by Covansys as part of the original contract. The maintenance services will cover the operations support, including environment support, and ANCHOR application maintenance.

The System recommended continuing the relationship with Covansys for one year increments as provided for in the original contract dated February 9, 2000. ERSRI and Covansys negotiated a fee structure with two options to present to the subcommittee. As part of both options, the equipment and Covansys staff will be housed at 40 Fountain Street thus enabling ERSRI to position itself for future in-house operation. The options presented focused on the number of technical staff proposed.

ERSRI - Support Contract Rate Analysis

	Proposal A	Proposal B
	5 Developers	6 Developers
Total Price	\$ 855,000	\$ 1,026,000
Effort in Hours	9,000	10,800
Per Hours Price	95.00	95.00
Per Month CCR Hours	275	425

Mrs. Avila did inform the committee that both of the proposal amounts are lower than the amount submitted in the budget.

After discussion and review with staff regarding both proposals, the subcommittee recommended approval of proposal A and authorization to enter into the extention contract with Covansys.

IV. New Business

No new business was discussed.

V. Adjournment

There being no other business to come before this Committee, on a motion by John A. Marginson and seconded by Kerry Walsh, the meeting adjourned at 11:45 a.m.

Respectfully submitted,

Frank Karpinski

Executive Director