

Notice of Blanket Purchase Agreement



State Of Rhode Island and Providence Plantations
Department of Administration
Division of Purchases
One Capitol Hill
Providence, RI 02908-5860

V E N D O R	ALVAREZ & MARSAL PUBLIC SECTOR SERVICES LLC 600 MADISON AVENUE 8TH FL NEW YORK, NY 10022 United States
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BUDGET EFFICIENCY CONTRACT - DOA	
Award Number	3539341
Revision Number	1
Effective Period	01-OCT-2017 - 28-FEB-2018
Approved PO Date	12-FEB-2018
Vendor Number	53703-iSupplier

S H I P T O	DOA BUDGET OFFICE ONE CAPITOL HILL, 4TH FLOOR SMITH ST PROVIDENCE, RI 02908 United States
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Type of Requisition	*OTHER
Requisition Number	1529344
Change Order Requisition Number	18068MKC024
Solicitation Number	
Freight	Paid
Payment Terms	NET 30
Buyer	Yattaw, Sharon -
Requester Name	Paolissi, Alice
Work Telephone	401-574-8593

This Purchase Order is issued pursuant to and in accordance with the terms and conditions of the solicitation and applicable federal, state, and local law, including the State of Rhode Island's purchasing regulations, available at www.purchasing.ri.gov.

Reference Documents: Rhode Island Efficiency Study 2017 Sep 22 vF.pdf
 AMPSS RI OMB NDA 9-22-17.pdf
 Appendix A General Terms of Purchasing.pdf
 3539341.pdf

Line	Description	Unit	Unit Price (USD)
1	APA-17623 FY18 CO-OP AGREEMENT - US COMMUNITIES - W/ ALVAREZ-MARSAL AGENCY. NTE \$937,159.00 Phase I	Each	1
1.1	APA-17623 EXTENDING DATES PER THE ATTACHED INVOICE #813356-2018-01 DATED 01/22/18	Each	1

INVOICE TO

The State of Rhode Island accepts electronic invoices via its supplier portal. To register and submit electronic invoices, visit the supplier portal at <http://controller.admin.ri.gov/iSupplier/isup/index.php>

To submit paper invoices, mail to: Department of Administration Controller, One Capitol Hill, 4th Floor, Providence 02908.

STATE PURCHASING AGENT
 Nancy R. McIntyre

Contract Terms and Conditions

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Terms and Conditions

PURCHASE ORDER STANDARD TERMS AND CONDITIONS

TERMS AND CONDITIONS FOR THIS PURCHASE ORDER

INSURANCE REQUIREMENTS (ADDITIONAL)

ANNUAL RENEWAL INSURANCE CERTIFICATES FOR WORKERS' COMPENSATION, PUBLIC LIABILITY, PROPERTY DAMAGE INSURANCE, AUTO INSURANCE, PROFESSIONAL LIABILITY INSURANCE (AKA ERRORS & OMISSIONS), BUILDER'S RISK INSURANCE, SCHOOL BUSING AUTO LIABILITY, ENVIRONMENTAL IMPAIRMENT (AKA POLLUTION CONTROL), VESSEL OPERATION (MARINE OR AIRCRAFT) PROTECTION & INDEMNITY, ETC., MUST BE SUBMITTED TO THE SPECIFIC AGENCY IDENTIFIED IN THE "SHIP TO" SECTION OF THE PURCHASE ORDER. CERTIFICATES ARE ANNUALLY DUE PRIOR TO THE BEGINNING OF ANY CONTRACT PERIOD BEYOND THE INITIAL TWELVE-MONTH PERIOD OF A CONTRACT. FAILURE TO PROVIDE ANNUAL INSURANCE CERTIFICATION MAY BE GROUNDS FOR CANCELLATION.

FISCAL YEAR - AWARD EXTENDING PAST FISCAL YR END

AWARDS EXTENDING BEYOND JUNE 30TH ARE SUBJECT TO AVAILABILITY OF FUNDS. CONTINUATION OF THE CONTRACT BEYOND THE INITIAL FISCAL YEAR WILL BE AT THE DISCRETION OF THE STATE. TERMINATION MAY BE EFFECTED BY THE STATE BASED UPON DETERMINING FACTORS SUCH AS UNSATISFACTORY PERFORMANCE OR THE DETERMINATION BY THE STATE TO DISCONTINUE THE GOODS/SERVICES, OR TO REVISE THE SCOPE AND NEED FOR THE TYPE OF GOODS/SERVICES; ALSO MANAGEMENT OWNER DETERMINATIONS THAT MAY PRECLUDE THE NEED FOR GOODS/SERVICES.

PURCHASE AGREEMENT AWARD

THIS IS A NOTICE OF AWARD, NOT AN ORDER. Any quantity reference in the agreement or in the bid preceding it are estimates only and do not represent a commitment on the part of the state to any level of billing activity, other than for quantities or volumes specifically released during the term. No action is to be taken except as specifically authorized, as described herein under AUTHORIZATION AND RELEASE. ENTIRE AGREEMENT - This NOTICE OF AWARD, with all attachments, and any release(s) against it shall be subject to: (1) the specifications, terms and conditions set forth in the Request/Bid Number cited herein, (2) the General Terms and Conditions of Contracts for the State of Rhode Island and (3) all provisions of, and the Rules and Regulations promulgated pursuant to, Title 37, Chapter 2 of the General Laws of the State of Rhode Island. This NOTICE shall constitute the entire agreement between the State of Rhode Island and the Vendor. No assignment of rights or responsibility will be permitted except with the express written permission of the State Purchasing Agent or his designee. CANCELLATION, TERMINATION and EXTENSION - This Price Agreement shall automatically terminate as of the date(s) described under CONTRACT PERIOD unless this Price Agreement is altered by formal amendment by the State Purchasing Agent or his designee upon mutual agreement between the State and the

Vendor.

AUTHORIZATION AND RELEASE

In no event shall the Vendor deliver goods or provide service until such time as a duly authorized release document is certified by the ordering Agency. A Direct Purchase Order (DPO) shall be created by the agency listing the items ordered, using the pricing and format set forth in the Master Blanket. All pricing shall be as described in the Master Blanket and is considered to be fixed and firm for the term of the Agreement, unless specifically noted to the contrary herein. All prices include prepaid freight. Freight, taxes, surcharges, or other additional charges will not be honored unless reflected in Master Blanket.

BLANKET PAYMENT

DELIVERY OF GOODS OR SERVICES AS REQUESTED BY AGENCY. PAYMENTS WILL BE AUTHORIZED UPON SUBMISSION OF PROPERLY RENDERED INVOICES NO MORE THAN MONTHLY TO THE RECEIVING AGENCY. ANY UNUSED BALANCE AT END OF BLANKET PERIOD IS AUTOMATICALLY CANCELLED.

EQUAL OPPORTUNITY COMPLIANCE

THIS PURCHASE ORDER IS AWARDED SUBJECT TO EQUAL OPPORTUNITY COMPLIANCE.

CAMPAIGN FINANCE COMPLIANCE

CAMPAIGN FINANCE: In accordance with RI General Law 17-27-2, Every person or business entity providing goods or services of \$5,000 or more, and has in the preceding 24 months, contributed an aggregate amount in excess of \$250 within a calendar year to any general officer, or candidate for general office, any member, or candidate for general assembly, or political party, is required to electronically file an affidavit regarding political contributions at: <https://secure.ricampaignfinance.com/RhodeIslandCF/Public/VendorAffidavit.aspx>

ARRA SUPPLEMENTAL TERMS AND CONDITIONS

For contracts and sub-awards funded in whole or in part by the American Recovery and Reinvestment Act of 2009. Pub.L.No. 111-5 and any amendments thereto, such contracts and sub-awards shall be subject to the Supplemental Terms and Conditions For Contracts and Sub-awards Funded in Whole or in Part by the American Recovery and Reinvestment Act of 2009. Pub.L.No. 111-5 and any amendments thereto located on the Division of Purchases website at www.purchasing.ri.gov.

DIVESTITURE OF INVESTMENTS IN IRAN REQUIREMENT:

No vendor engaged in investment activities in Iran as described in R.I. Gen. Laws §37-2.5-2(b) may submit a bid proposal to, or renew a contract with, the Division of Purchases. Each vendor submitting a bid proposal or entering into a renewal of a contract is required to certify that the vendor does not appear on the list maintained by the General Treasurer pursuant to R.I. Gen. Laws §37-2.5-3.

For all Purchase Orders issued on behalf of the University of Rhode Island, Community College of Rhode Island, and Rhode Island College, vendors will receive a confirming order from the respective entity prior to proceeding.

TERMS AND CONDITIONS OF PRICING AGREEMENT

SCOPE AND LIMITATIONS - This Agreement covers requirements as described herein, ordered by State agencies during the Agreement Period. No additional or alternative requirements are covered, unless added to the Agreement by formal amendment by the State Purchasing Agent or his designee.

Under State Purchasing Law, 37-2-54, no purchase or contract shall be binding on the state or any agency thereof unless approved by the department [of administration] or made under general regulations which the chief purchasing officer may prescribe. Under State Purchasing Regulation 8.2.1.1.2, any alleged oral agreement or arrangements made by a bidder or contractor with any agency or an employee of the Office of Purchases may be disregarded and shall not be binding on the state.

PRODUCT ACCEPTANCE - All merchandise offered or otherwise provided shall be new, of prime manufacture, and of first quality unless otherwise specified by the State. The State reserves the right to reject all nonconforming goods, and to cause their return for credit or replacement, at the State's option.

a) Failure by the state to discover latent defect(s) or concealed damage or non-conformance shall not foreclose the State's right to subsequently reject the goods in question.

b) Formal or informal acceptance by the State of non-conforming goods shall not constitute a precedent for successive receipts or procurements.

Where the vendor fails to cure the defect promptly or replace the goods, the State reserves the right to cancel the Release, contract with a different vendor, and to invoice the original vendor for any differential in price over the original contract price.

ORDER AUTHORIZATION AND RELEASE AGAINST PRICING AGREEMENT

In no event shall the Vendor deliver goods or provide service until such time as a duly authorized release document is certified by the ordering Agency.

State Agencies shall request release as follows: All releases shall reference the Price Agreement number, the Contract Issue number, the item(s) covered, and the unit pricing in the same format as described herein.

A Department Purchase Order (DPO) listing the items ordered shall be created by the agency. The agency may mail or fax a copy of the order to the Vendor. In some cases the agency may request delivery by telephone, but must provide the Vendor with a DPO Order Number reference for billing purposes. Vendors are encouraged to require written orders to assure payments are processed accurately and promptly.

DELIVERY If this is an MPA, Vendor will obtain "ship to" information from each participating agency. This information will be contained in the DPO. APA delivery information will be contained in the Notice of Award.

PRICING - All pricing shall be as described herein, and is considered to be fixed and firm for the term of the Agreement, unless specifically noted to the contrary herein. All prices include prepaid freight. Freight, taxes, surcharges, or other additional charges will not be honored unless reflected herein.

INVOICING All invoices shall reference the DPO Order Number(s), Price Agreement number, the Contract Issue number, the item(s) covered, and the unit pricing in the same format as described herein. If this is an MPA, Vendor will obtain "bill to" information from each participating agency. This information will be contained in the DPO. APA billing information will be contained in the Notice of Award.

PAYMENT - Invoices for items not received, not priced according to contract or for work not yet performed will not be honored. No payment will be processed to any vendor for whom there is no IRS W-9 on file with the State Controller.



**ALVAREZ & MARSAL
PUBLIC SECTOR SERVICES**



**STATE OF RHODE ISLAND
OFFICE OF THE GOVERNOR**

**STATE GOVERNMENT EFFICIENCY STUDY
TECHNICAL PROPOSAL**

SEPTEMBER 22, 2017

STATE OF RHODE ISLAND, OFFICE OF THE GOVERNOR

STATE GOVERNMENT EFFICIENCY STUDY

TECHNICAL PROPOSAL

SEPTEMBER 22, 2017

Submitted to:

Jonathan Womer
Office of Management and Budget
State of Rhode Island
One Capitol Hill
Providence, RI 02908

Prepared by:

John W. Cox
Managing Director and Practice Leader
Alvarez & Marsal Public Sector Services, LLC
1001 G Street, N.W.
Suite 1100 West
Washington, D.C. 20001

September 22, 2017

Jonathan Womer
Office of Management and Budget
State of Rhode Island
One Capitol Hill
Providence, RI 02908

Dear Mr. Womer:

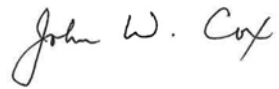
Alvarez & Marsal Public Sector Services LLC (A&M) is pleased to submit to the State of Rhode Island's Office of the Management and Budget our proposal for government efficiency. In support of the Administration's goals to drive significant cost savings, we propose conducting a 90 day government effectiveness and efficiency assessment. The assessment will begin with a review of the state budget and targeted deep dive analysis in select key departments that drive the budget. We propose to include the Departments of Health and Human Services, Admin, Education, Transportation, and Revenue in our analysis, in support of Governor Raimondo's commitment to ***protecting the state's priorities, including improving the economic outlook and increasing educational opportunities for the state's citizens.***

In the 2017 Edition of their *Ranking the States by Fiscal Condition* study conducted by the Mercatus Center at George Mason University, ***Rhode Island was ranked 38th out of 50 states on financial condition*** based on 2015 financial performance, citing ***below average liquidity measures and financial flexibility***. While liquidity measures have improved and the state's economy has made progress, with Rhode Island boasting the largest decrease in unemployment in the nation, the state continues to face budgetary challenges. FY2018 revenue expectations decreased nearly \$40 million from initial projections and spending for Medicaid and other social services are projected to exceed expectations by \$15 million. Given these financial constraints, ***identifying opportunities to increase efficiency and generate sustainable savings will be essential to successfully implementing initiatives focused on continuing economic recovery efforts in the state.***

Our team will partner with the state to achieve top quality service and fiscally responsible management. Our work will focus on realistic changes that produce quick but tangible results that will build upon themselves. The A&M team is also available to assist with the ***robust implementation of the changes***, following signoff by state leadership. Throughout the entire 90 day process, our team will be embedded and working side-by-side with the state's career employees and line staff during the week.

We don't just write reports – we are committed to working with you to prepare realistic ideas based on an independent review of the facts that will serve the Governor and the citizens of Rhode Island. We will work to find the savings the state needs, but in a way that will help improve services, not diminish them. We stand ready to support the state with a qualified and experienced team.

Respectfully submitted,



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Executive Summary

The Alvarez & Marsal Public Sector Services, LLC (A&M) team provides a significant value proposition to the State of Rhode Island in support of the state's goal to identify changes in government operations, regulations and laws that interfere with efficiency or unnecessarily increase costs, make recommendations and develop a report for use by the state. Our team has experience in state and local governments similar in size to Rhode Island, senior experts that have led public sector organizations, and expertise in finding savings in complex environments. The services we are proposing are chosen with the full understanding of the state's numerous budget reforms and will seek to strengthen those and future reform efforts.

A&M will bring to the State of Rhode Island:

- **An Unparalleled Team with Public Sector and Efficiency Experience:** Our team includes public sector leadership on the national and local level. Our project executive, John Cox, is the Head of A&M's Public Sector Practice and the former *CFO of the U.S. Department of Housing and Urban Development*. John is joined by Basilia Yao, who will serve as project manager, as well as, senior advisors such as: David Javdan, former *General Counsel for the U.S. Small Business Administration*, J.W. Rust, who is the project manager for the Wyoming Efficiency Study and was the project manager for the Louisiana Government Efficiency Management Support (GEMS) and the Kansas Statewide Efficiency Reviews, and Nancy Zielke, former *CFO of Kansas City, Kansas* and *Interim Budget Director for the South Carolina Department of Health and Human Services*.
- **Deep Experience in Statewide Efficiency Programs:** A plan that cannot be implemented is not worth the paper that it is written on. We provide quality recommendations that we know are actionable because we have led agencies through change and helped states and major agencies implement our recommendations. A&M has completed several top-to-bottom reviews of statewide spending and finances similar in size and structure to the State of Rhode Island. Our experience developing strategies across these state and territory-wide governments enables us to bring the state an unparalleled technical approach to increasing savings, operational efficiencies, and revenue for general funds in the next budget cycle.
- **Willingness to Stand Behind our Recommendations in a Public Forum:** A&M understands the challenges the State of Rhode Island's governmental departments face in implementing suggested reforms. Our team has the technical knowledge and political expertise to guide strategic efficiency reforms through the legislative approval process. We are prepared to work side by side with department representatives, serving as strategic partners and advocates. We stand behind our recommendations, as demonstrated through testimonies in front of legislatures including Kansas, Louisiana, Pennsylvania, South Carolina, Maryland, Utah, and the Washington, D.C. council, and through our willingness to defend our recommendations in a public forum.
- **Established Reputation:** In the face of the largest, most complex international financial crisis in history, we were called in to manage Lehman Brothers through the largest bankruptcy in history, with \$650 billion in assets and a notional \$35 trillion in claims. Within one week, we had deployed a large, multi-disciplinary team and were ultimately able to develop a plan approved by 95 percent of the creditors. We also worked with numerous local governments and their creditors on distressed government financial



restructurings and bankruptcies including Stockton, CA, Detroit, MI, Harrisburg, PA, and Jefferson County, AL, identifying cost reduction and revenue opportunities for long-term financial stability.

- **Award of Distinction:** A&M received awards from the Turnaround Management Association (2003-2007, 2009-2013, 2015), the Turnaround Award (2010, 2013) and the Turnaround Consulting Firm of the Year (2009, 2014) from the M&A Advisor.

A&M's experience working to improve the operations of numerous states, as well as our significant experience leading municipalities through bankruptcy, provides an unparalleled perspective for the identification of opportunities for increased savings, operational efficiencies, and revenue maximization for Rhode Island. Our team will go beyond providing recommendations by designing and implementing reforms that not only begin a conversation with the public and all stakeholders, but also create a blueprint that will allow the state to continue aligning priorities with limited resources.



Our Understanding

A&M has a strong public sector presence, particularly in conducting statewide efficiency assessments. We have successfully performed strategic assessments, providing recommendations and reforms with demonstrable results for more than a dozen states and government agencies. The State of Rhode Island is currently facing a \$200 million General Fund budget deficit, and is requesting a consultant to assist the state with a spending and efficiency review.

Our extensive work across the country supporting state governments and other agencies makes A&M well-qualified to be the state's partner in its strategic, system-wide efficiency effort. The successful outcome will include organizational and operational recommendations that are implementable and provide the most-efficient use of fiscal and operational resources. A&M hopes to support the state by providing *a strategy to ensure long-term financial health and success*.

To help reduce the budget deficit, the state is requesting a rapid assessment to identify, quantify, and prioritize new approaches for the state that would pinpoint opportunities to reduce costs and perform more efficiently. More specifically, the state has requested that the assigned consultant conduct the review in three phases:

- Phase 1 – Strategic Assessment (scope of this proposal)
- Phase 2 – Design Phase (optional phase at the request of the State)
- Phase 3 – Transformation (optional phase at the request of the State)

During the Phase 1 assessment we propose to:

- Review the current configuration of the Rhode Island state government and the duties and responsibilities of select key state agencies including identifying any potential areas of overlap and any programs that have accomplished their original objective or have otherwise become obsolete.
- Identify and quantify current opportunities for increasing efficiency and reducing costs through executive action or legislation.
- Identify areas for further study, including a recommendation of specific areas with a high likelihood for potential savings.

A&M understands the pressures faced by states like Rhode Island. Through our experience working with other states, we recognize and understand the pressures on vital public systems. Our clients call on us to drive results and implement transformative change when achieving operational improvements and cost savings is the only path forward. Our team is comprised of former state and local government leaders and professionals with direct experience in statewide and system transformations. We are skilled in communicating effectively with a myriad of stakeholders with varying interests and collaborating with them consistently to reach positive outcomes.

Sustainable transformation requires action. Many advisory firms build their business on writing great reports, but oftentimes those firms have never had line responsibility or implemented lasting change. *A&M has an intense bias towards action—we do not just advise, we execute*. Other firms may discuss savings they have *identified* but A&M references operational savings that we have helped *realize*.

PROJECT PRIORITIES

We will begin with a centralized approach, conducting a budget analysis, understanding cost drivers, trends, and creating priority review areas. From there we will begin a review across the statewide departments, and we will embed the core team with the Office of Management and Budget and dedicate teams to each of the major agencies for the initial assessment period, working with senior staff, reviewing existing structures and processes, interviewing staff, and reviewing remittances for how actual department spending aligns with the budgeting process. We value collaborative interactions which increase the quality of the analysis and the implementation plans – increasing readiness and considering the complexities of change at the state level.

We have designed the approach to include the following major agencies and functions:

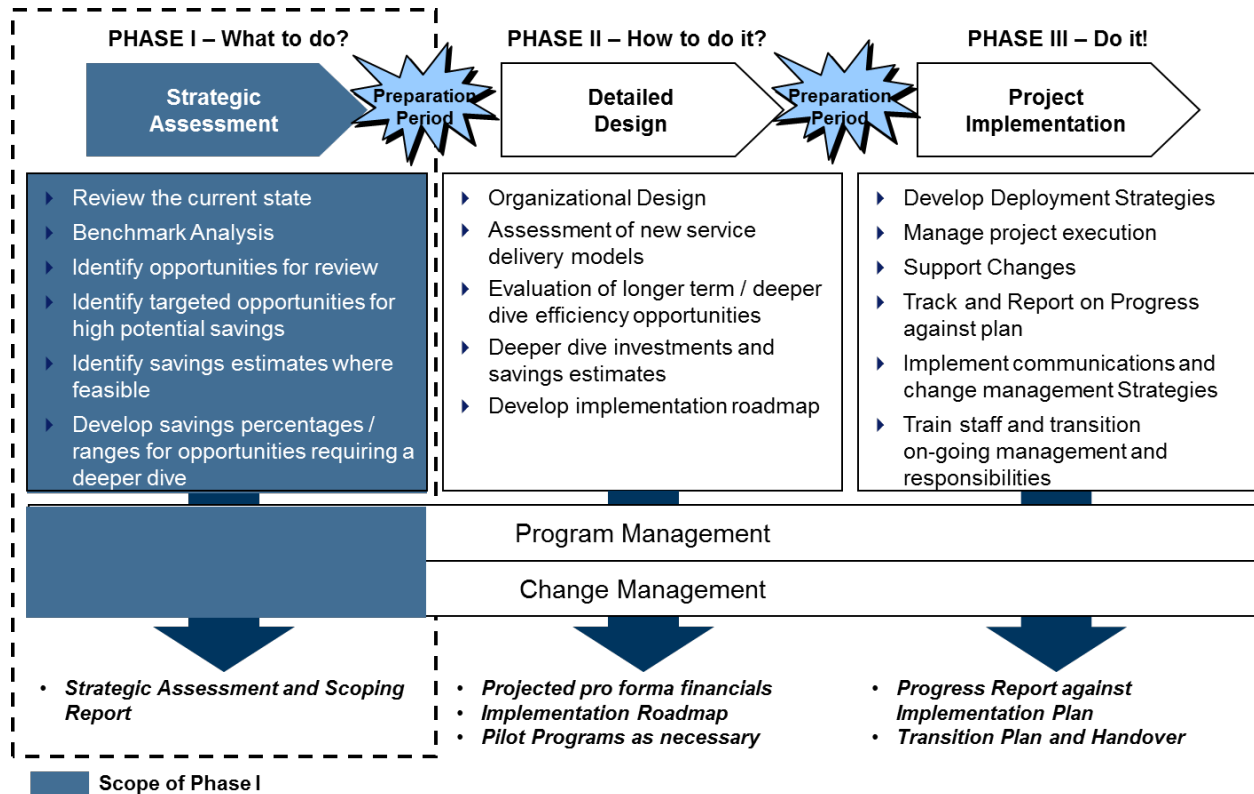
- **Administration:** Our review will include a focused assessment of the federal funds environment (review of federal receipt benchmarking across key areas such as Health, Education, and Justice), opportunities for increased use of shared services, and review of existing programs underway (e.g., a review of the existing e-procurement system implementation), and opportunities in Human Capital (e.g., Span of Control).
- **Education:** Our review will focus on the opportunities that exist for fiscal and operational effectiveness and improvement in the federal funds environment.
- **Transportation:** Our review will analyze revenue enhancement, cost management, and organizational redesign to develop an improvement plan for DOT
- **Revenue:** Our team will work with agency leadership to gain a baseline understanding of the existing initiatives and achievements to date, and to help strengthen these existing programs, as well as identify additional areas where efficiency measures could be implemented.
- **Health and Human Services:** Our review will analyze the agency's Medicaid expenditures, administrative costs, revenue streams, and a review of the federal benchmarks for human services.

A&M Approach to Required Services

Our Comprehensive Efficiency Methodology is the approach we will utilize to complete the Rhode Island Statewide Efficiency Review. A&M understands that the most important aspect of this effort is not the development of the report; it is the implementation and realization of savings associated with recommendations. While not proposed in the scope of this effort, we have included a discussion of Phases 2 and 3 in our methodology to communicate the importance of the Strategic Assessment phase in laying the groundwork for implementation.

The graphic below in Figure 1 provides an overview of the tasks that the A&M team will complete in each phase, should the state choose to execute recommendations.

Figure 1: Comprehensive Efficiency Methodology



We believe that completion of all three phases is critical to the overall success of future efficiency initiatives, and must be conceptualized during the initial assessment. As seasoned operators, A&M personnel understand what it takes to actually implement recommendations and achieve desired efficiencies and cost savings. All A&M recommendations are made knowing that we could support their implementation and realize the desired outcomes.

Phase 1 – Strategic Assessment

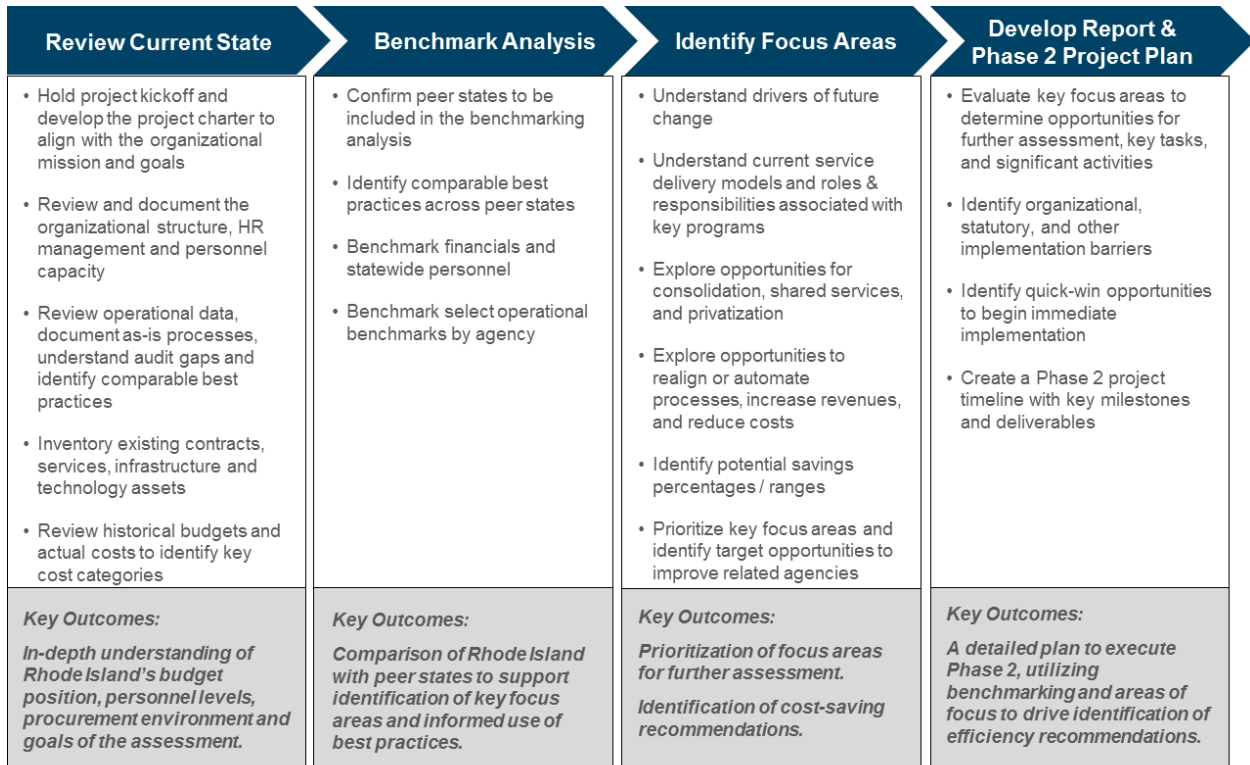
A&M’s approach to assessing Rhode Island’s statewide operations begins with a rapid current state review. Our team will develop preliminary data requests for select key focus areas, and submit requests before arriving on-site, reviewing data requests with process owners and subject matter experts to ensure that data are received in a manner which is consistent with specifications. On day one of the engagement, the project team will hold a formal project kickoff with Rhode Island leadership and project management to align efforts around key project goals. Building upon the fact base established through the data request, the A&M team will interview key Subject Matter Experts (SMEs) and review budget, personnel, and to develop a clear understanding of the as-is state.

Guided by initial data analysis, benchmarking, and SME interviews, A&M will begin identifying focus areas and targeting potential efficiency initiatives and high-impact potential recommendations for key agencies. The team will conduct a review of a targeted set of agencies to explore opportunities to modernize operations, improve processes, centralize functions and

partner with the private sector to achieve savings for Rhode Island taxpayers. The opportunities identified within this process will form the basis for A&M’s Phase 1 report to the state. As seen fit by the state, these opportunities would be of a quality to be identified as proposed changes in the Governor’s recommended budget.

The A&M team will complete and deliver the Phase 1 Report within the 90 day time horizon provided and be available for briefings on the Phase 1 report. Prior to engaging in the Phase 2 effort, A&M and the state will confirm the identified project priorities/agencies, establish costs, and finalize the plan. Figure 2: Strategic Assessment Approach lays out A&M’s approach for delivering the Phase 1 assessment while developing the Phase 2 Project Plan.

Figure 2: Strategic Assessment Approach



Review Rhode Island Government Responsibilities

At the start of the project, A&M will convene a kick-off meeting with the key stakeholders to gain history of the budgetary process and priorities as well as an understanding of key statutory requirements specific to Rhode Island agencies and programs. The A&M team will convene a meeting with the state program manager and state leadership, as appropriate, to review the scope of the project, peer states, state-identified priorities, and to identify goals for the effort. We will also use this opportunity to understand the risks and concerns from the state’s perspective, to identify sources of information for initial budget and process analysis, and to highlight additional stakeholders to serve as resources and change agents.

Once the project objectives have been identified in Phase 1, A&M will implement a pilot assessment that focuses on the highest impact recommendations in key agencies. The agencies



selected for this initial assessment phase were chosen based on the magnitude of the potential savings impact determined by our experience with past efficiency assessments. Upon conclusion of Phase 1, A&M will develop a Phase 2 project plan that completes the assessment for each of the key agencies, and develops a plan for the other major agencies.¹

During the initial Phase 1 assessment, A&M will perform a cross agency review of the budget, personnel, and to develop the tasking for the Phase 2 cross-agency work streams. A&M will also review each key agency’s current environment from the data collection efforts and conduct a review of statutes and specific programs and opportunities for agencies with the highest spending and greatest potential impact as outlined in Figure 3: Phase 1 Review.

Figure 3: Phase 1 Review

Agency	Cross-Agency	Agency-Specific
Department of Health and Human Services	<ul style="list-style-type: none"> Budget Review Personnel Review 	<ul style="list-style-type: none"> PERM Review Waiver Evidence Based Review Review of Medicaid Error Rates Agency Leadership Focus Areas
Department of Administration		<ul style="list-style-type: none"> Centralized Services Review Fleet Review E-Procurement System Review
Department of Education		<ul style="list-style-type: none"> Regional Shared Services Model Procurement Review Insurance Pool Review
Department of Revenue		<ul style="list-style-type: none"> Discovery Unit Sales and Use Audit Assessment
Department of Transportation		<ul style="list-style-type: none"> Operational Efficiencies Advertising Organizational Structure

A&M’s Phase 1 data request will include agency-specific data required to perform the discrete reviews outlined in Figure 3, and the following select cross-agency data:

- Budget: 3-5 years of data
 - Revenues and Expenditures
 - Object Class and Budget Code
 - Divisions, Units, Programs and Projects
 - Statutory Authority
 - Funding Sources and Authorized Uses
- Personnel: Position and cost information across departments
 - Organizational Code and Structure
 - Budget Code and FTE Estimate

¹ Phase 2 review of other major agencies such as Public Safety and will involve deeper reviews of Procurement, Human Capital, Benefits, and Real Estate, as appropriate.



- Job Classification, Job Titles, and Responsibilities
- Benefits Structure

A&M will request this data upon award, as receiving this data in advance of project kickoff will avoid incurring any delays associated with data requests and allow the team to develop a fact base for immediate use upon arrival.

Benchmarking

Utilizing the master data set established through the data request and subsequent follow-up, A&M will perform peer state and industry standard benchmarking to identify areas of potential opportunity, comparing cross-agency functions statewide, and performing function-specific reviews in agencies where A&M expects costs savings to be highest. A&M will use both financial and operational benchmarks (e.g., Payment Error Rate Measurement (PERM), average revenue per auditor, average cost per lane mile, average service cost per person, etc.) to compare the state's baseline with public sector averages and industry-leading private sector examples. Where data is available, A&M will complete trend analysis examining line-item specific and overall spending over a multi-year time frame to identify key expenditure categories, areas of risk, and spending that is directly related to federal mandates and major federal-state programs.

Review of Government Configuration

To identify opportunities A&M will conduct interviews with agency leadership, pursue follow-up data collection, conduct budget and spend analysis, and review operational efficiency efforts (current and planned). As we conduct this work, our team will be cognizant of typical sources of department inefficiencies, such as over-staffing and incorrect alignment of current resources.

A key component of A&M's Phase 1 assessment is to conduct a Current State Review, identifying potential configurations of the state government where there may be opportunities to improve delivery of services to Rhode Island taxpayers more efficiently. The initial benchmarking initiative and organizational review will provide direction to the state on areas which could be right-sized, consolidated, or eliminated altogether, and will highlight areas in which cost savings could be possible through partnership with the private sector.

Building on the understanding of organization and budgetary spend established through this effort, the team will review allocations of positions, resources, and authorities against best practices learned through other comprehensive efficiency assessments. Based on the results of the review of organization and budgetary resources, the A&M team will interview staff, and identify how actual department spending aligns with state objectives. This process will allow A&M to identify areas of potential overlap and programming that may be obsolete.

At the conclusion of the Current State Review, the team will have a detailed project plan and the baseline understanding of the operating environment needed to move forward in developing opportunities for improvement.

A&M's state government efficiency experts have supported the transformation and modernization of state agencies and entire state government organizations. Building on the experience of past comprehensive efficiency efforts and the information provided through the data request outlined above, A&M will challenge the status quo, carefully analyzing the state budget to identify areas



where resource levels reflect “the way it has always been done,” failing to align with modern delivery models and priorities.

Identify Efficiency Opportunities

Building on the baseline of facts established through initial data requests and the Current State Review, A&M will conduct a review of current operations, and establish a list of potential quick wins, and long-term organizational changes that can result in savings for the state. A&M will supplement its baseline understanding by conducting follow-up interviews and collecting key data points to develop an understanding of key agency policies, service delivery models, and operating environment as they relate to opportunities for improvement.

Our team will benchmark key functions within the state government against peer states, analyze the staffing and resource levels associated with administrative and support functions statewide, and identify areas where staffing or spending exceed benchmark states/organizations or internal standards.

In addition to opportunities for internal realignment and consolidation, A&M will carefully analyze opportunities to partner with industry to reduce costs. Public sector organizations commonly expend significant resources on internal support functions that can be delivered more cost-effectively through specialized private sector partners. Informed by benchmarking efforts and the review of the configuration of key agencies from Phase 1, A&M will begin to identify innovative opportunities for Rhode Island to partner with reputable service providers to reduce costs of common services by outsourcing major functions entirely, and design the plan to establish on-call contractual relationships for specialized services during Phase 2 efforts.

Our experience with efficiency efforts for Wyoming, Kansas, Louisiana, Puerto Rico, and in more than a dozen other state agencies has revealed that cost-cutting efforts alone are insufficient to reach long-term fiscal sustainability. As such, our approach in Phase 1 will begin by developing revenue-focused solutions, including review of tax enforcement and collection organizations and procedures, and analysis of services that could be candidates for user fees to supplement tax revenue.

Throughout Phase 1 and Phase 2, our team will prioritize opportunities based on their financial impact, required timeline for implementation, required investment, strategic alignment with other initiatives, and integration with the state’s overall goals and objectives, and identify any barriers to implementation (e.g., the state’s capacity to execute regulatory or legal hurdles) that could be overcome through increased investment, executive action or legislation. The project work started in Phase 1 will leverage A&M’s targeted capabilities as outlined below to establish the foundation for lasting change. A&M’s approach is designed to prepare the project team and Rhode Island state leadership to benefit from A&M’s Statewide Efficiency Capabilities. The targeted capabilities outlined below will be used to identify savings across both Phase 1 and Phase 2 of the assignment.

Figure 4: A&M Targeted Capabilities

Citizen Services

- **Government Role (Service Areas/Service Catalog):** Assess the current services being offered and identify areas that could be considered ancillary or non-essential services provided by other states.
- **Service Levels:** Identify areas where the current level of service could be right-sized to meet the requirements of citizens.
- **Service Delivery Models:** Analyze the steps needed to achieve the most operationally effective, top to bottom service delivery model.

Revenue & Finance Solutions

- **Federal, Foundation, and Grant Fund Review:** Analyze the level of federal funding or grant funding to determine if the state is maximizing these sources of funds.
- **Collections:** Improve collection rates for taxes and other fees.
- **Real Property:** Monetize owned real property and seized assets through strategic dispositions or public private partnerships.
- **Charges for Services and User Fees:** Assess user fees (e.g., transaction, permits and licensing, etc.).
- **Asset Sales:** Identify and dispose assets that are not critical to the mission of the state's Operations.
- **Privatization:** Identify opportunities to outsource or privatize functions, and develop a process for private sector entities to offer unsolicited proposals to enhance service quality, employee productivity, or cost savings.

Operational Assessment

- **Human Resources and Staffing:** Analyze the size and composition of the state's workforce and create any necessary right-sizing recommendations.
 - **Accountability and Incentive Structure:** Expand performance metrics program (e.g., OpenGov, CompStat, etc.) across the state to increase operational efficiency and organizational effectiveness.
 - **Consolidate and Eliminate Redundancy and Underperformance:** Identify areas of consolidation within the state and utilize metrics to create effective performance measures for relevant teams and assets.
 - **Shared Services (Internal):** Identify common functions across agencies that could be consolidated.
 - **Shared Services (External):** Identify state agency functions that could be consolidated and delivered more effectively in partnership with external service provider organizations.
 - **Technology:** Identify opportunities for automation or expand the use of technology to improve efficiency and effectiveness.
 - **Process Improvement:** Eliminate process and organizational inefficiencies that create bottlenecks and unnecessary costs.
-

	<ul style="list-style-type: none">• Performance Measurement: Benchmark key performance metrics related to state employees, assets, and service provisions against other cities to gauge the effectiveness and efficiency of current operational resources.• Sourcing and Procurement: Utilize proven and repeatable strategic sourcing methodologies to drive savings and improve quality.• Facilities: Evaluate opportunities for the state to make more efficient use of its facilities and other real assets.• Cost/Financial Management: Evaluate cost structure and drivers to reduce costs, and focus spending in a strategic manner.
Leadership Assessment	<ul style="list-style-type: none">• Mission Performance Management: Emphasize each agency's ability to meet its core functions.• Governance Model: Ensure management aligns with the needs and responsibilities within every department.• Organizational Analysis: Examine current organizational structures and service delivery models and develop functionally optimal improvements.• Strategic and Financial Planning: Devise the strategy and benchmarks to support meaningful, long-term change.• Budget Development and Forecasting: Create in-depth analysis of current and past budgets, structural deficits, and generate interactive financial projections to empower leadership and policymakers.

A&M's methodology for statewide efficiency most often results in recommendations that require states to make challenging decisions, many of which will require significant executive actions or legislation to ensure success. Government reform often requires changes in long-standing laws and regulations pertaining to procurement, investments in modernization, and significant changes in staffing and personnel procedures. Many of these changes are best-enabled through codification in law and regulation. Our team will stand with the state to communicate required changes to the Governor's office and the legislature. A&M's senior leaders include former government executives who have testified before public sector boards, elected bodies, and the United States Congress to support budget requests and legislative reform for agencies, and will be proud to support the state before the Rhode Island legislature.

Identify Areas for Further Study

In Phase 1 A&M will gather information on key agency's baseline operating and budget plan (including detail on staff roles and responsibilities, agency structure, Human Capital Management, IT systems and processes, financial management systems and processes, and procurement data) to identify two types of savings opportunities:

- **High-Value, Short-Term Initiatives** (*Quick Wins*). For example, if upon review A&M discovered that a revenue department had unfilled revenue-generating staff positions (such as tax auditors, collections, discovery unit), an immediate recommendation would be to prioritize staffing those roles so that collections can be maximized.

- **Foundational, Long-Term Initiatives** (*Long-Term Solutions*). Given the tight timeline of this project, A&M will develop cost savings or revenue maximization estimates where feasible in Phase 1, however some opportunities may require further analysis. A deeper dive into these possibilities would take place during Phase 2 of this review, as detailed in this section. For example, an evaluation of the State’s Medicaid waiver service utilization and referral controls review may require a deeper analysis of service level data and service approval processes to better determine savings potential.

At the conclusion of the Strategic Assessment Approach (Phase 1) A&M will:

- Provide the state with a report on recommendations associated with each Key Agency.
- Document cost-savings recommendations that can be achieved through quick wins.
- Where feasible, document cost-savings and revenue enhancement recommendations that can be achieved in years beyond the current fiscal period(s).
- Identify areas that will require further analysis including building out investment and cost-savings for recommendations that must be developed in Phase 2.

The goal of the Phase 1 report will be to provide the state with the clarity required to make decisions on moving forward with immediate cost-savings initiatives, cost savings estimates where feasible, identification of opportunities that may require time to more fully develop savings estimates in Phase 2, and a Phase 2 project plan that details the implementation steps required to conduct analysis across all other major agencies.

Phase 2 – Detailed Design

In Phase 2 of A&M’s Statewide Comprehensive Efficiency Methodology, the focus shifts to improving the state’s operations and laying a framework for longer-term transformation. With the strategic assessment phase complete, the design phase emphasizes standing up quick win opportunities to rapidly gain momentum, while planning for the future by performing deeper dive analysis. Quick wins help to create value and can serve to establish the budgetary flexibility required for longer term investment and change required by the more resource intensive and time-consuming recommendations.

Once Phase 1 activities are complete, A&M will build on observations drawn from the Current State Review. The reviews of budget and personnel, and capital assets along with the benchmark analysis from Phase 1 will help identify red flags and drive detailed analysis across all identified agencies and higher education institutions. The Phase 2 project plan will outline our process for developing a fact base upon which quick wins and long-term solution implementation can be based. This plan will include the following activities:



Longer Term / High-Value Focus Area Identification: As a result of the Phase 1 benchmark assessments there will be longer term / high potential value opportunities that may require a deeper set of analysis than is what is possible in the first phase. A&M will identify the high-value areas for potential fiscal and operational improvement that will be analyzed in more detail in Phase 2. Examples of areas that will require more detailed review include a full scope review of the Department of Corrections, or detailed assessments of the state of behavioral health in Rhode Island. During Phase 2, there are a number of analytic components that may be applied to the areas identified with the state for deeper dive review or where the highest potential savings exist. These analytic components include:

In Louisiana, A&M identified over \$200 million in annual savings from the revamping of the state's benefit program, over \$100 million from changes to the Department of Revenue, and over \$30 million from improvements to the identification of improper payments in Medicaid.

- **SWOT Assessment:** Working with the state program manager, the team will meet with leadership from major state agencies and higher education institutions for strategic planning sessions to identify strengths, weaknesses, and opportunities for improvement. A&M will also use these sessions to determine change drivers and any barriers to achieving the goals of the effort. An early understanding of the drivers of change and barriers to change will allow A&M to most effectively target its efforts to achieve the desired results of efficiency and cost savings. These sessions will also allow A&M to fully understand the current service delivery models employed by the state.
- **Personnel and Staffing Review:** To build our understanding of the organization and target areas identified in Phase 2, A&M will review roles and responsibilities descriptions, personnel capacity, organizational design, and management. The team will conduct interviews and working sessions with staff to identify and document as-is processes as the basis for process improvement and increased efficiency. We will examine areas for consolidation of services and identify areas of duplication or overlay in service delivery. We will also take inventory of IT applications, systems and contracts and meet with relevant individuals to understand the IT governance process. Finally, A&M will complete a review of the organization's finances, including federal funds management, billing and collections processes, and budget operations.
- **Programmatic Review:** Working with the State, our team will identify the Phase 2 areas for programmatic or line of service review. In these reviews, our team will analyze the current programs to identify non-value-add programs or overlapping programs that can be eliminated or transformed to more effectively meet the needs of the state. As part of this effort, A&M will develop programmatic benchmarks and review existing spending against both government and industry best practices.
- **Operational Capacity Assessment:** For the identified Phase 2 areas of review, A&M will also assess the capacity of the state agencies to deliver against peer and industry measures, its ability to manage its people, and the processes which are utilized to support decision making. Once opportunities for operational and financial efficiencies have been identified, our team will investigate the effects on the department's operations as well as the state as a whole. All recommendations will be balanced against the available flexibility to make changes considering charters, personnel agreements, existing contracts, and legislated

requirements. As we develop recommendations, we will continually bring up ideas with the agency teams to increase buy-in around selected efforts.

A&M will tap into our leadership team that has led agency work streams on past efficiency assessments. The expanded team will perform deeper analysis into each focus area, identify known savings opportunities as well as areas that require further analysis, and prepare preliminary estimates of potential cost savings associated with each key area. A&M will look to build on the recommendations (including cost of implementation and savings estimates) developed in Phase 1. For the new areas identified for review in Phase 2, each recommended initiative will also be assessed for the costs of implementation, and any second-order effects on the budget that may come from proposed changes. With each recommendation, A&M will pair each cost savings estimate with an identification of difficulty of implementation, including an assessment of the legal and regulatory constraints and other barriers to change.

Phase 2 seeks to further refine opportunities, and outline the appropriate business reengineering efforts, and conduct assessments of operations, information technology, citizen services, revenue enhancement possibilities and organizational design and management of human capital.

Building on opportunities identified in the Strategic Assessment and developing the roadmap for implementation, the Phase 2 report will include new areas for review or areas requiring a deeper analysis. For these new areas and deeper dive initiatives identified for Phase 2, the report will provide comprehensive estimation of the cost savings and operational efficiencies that could be achieved through implementation, in order to support the case for transformation.

Phase 2 will also include an assessment of the organization's capacity to deliver against performance measures, its ability to manage its people, and the processes which are utilized to support decision making. To the extent necessary, our team will also re-baseline or rebuild budgets to understand potential financial impacts and develop comprehensive fiscal impact model capturing all identified opportunities from both Phase 1 and Phase 2.

Phase 3 – Project Implementation

Recognizing the importance of implementation in supporting the realization of operational efficiencies, A&M proposes a Phase 3 to implement the recommendations to drive savings and maximize revenues. In Phase 3, experienced team members will work in conjunction with the state to:

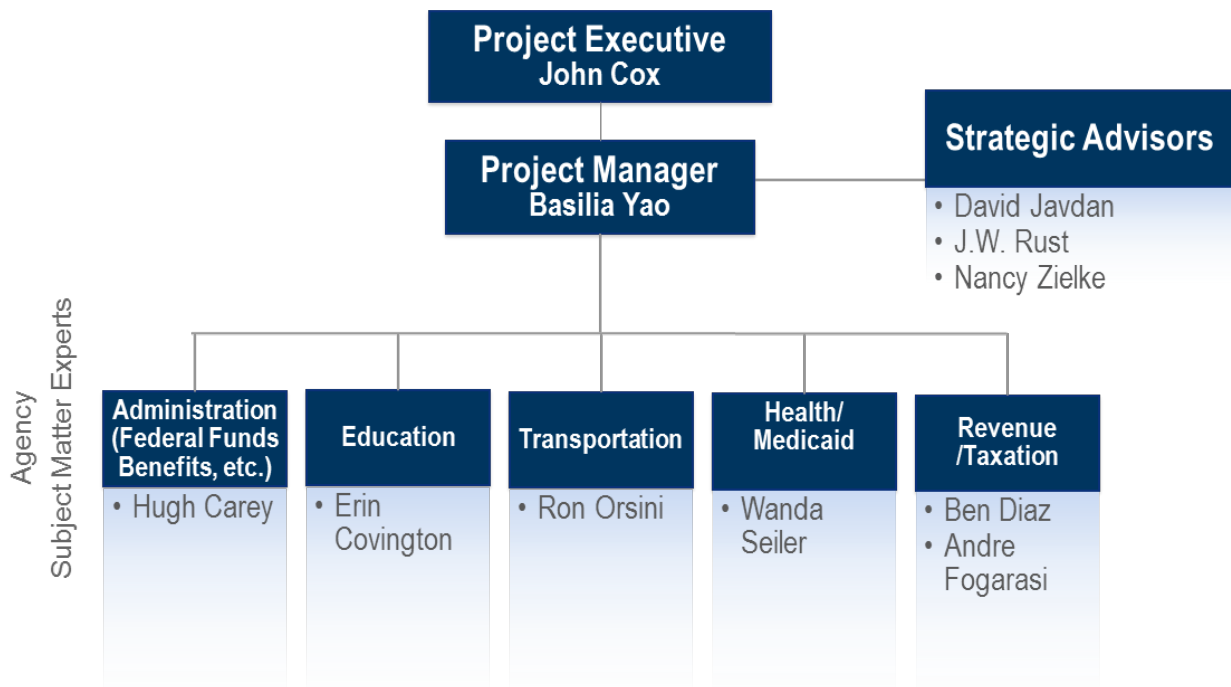
- Implement cost-saving and efficiency initiatives
- Track progress against the implementation plan
- Implement communications and change management strategies
- Transition ongoing responsibilities to internal staff.

In our experience, investment in project implementation is the most important phase in the roll-out of an efficiency study, and can ensure the long-term sustainability of efficient operations. As such, it is our recommendation that the state begin identifying resources required for implementation efforts when reviewing and assessing the Phase 1 report. Timely identification of implementation resource requirements will ensure that the project maintains momentum and achieves its true goal of realizing lasting cost savings.

PROJECT ORGANIZATION

To provide the State of Rhode Island Office of Management and Budget with the highest quality and most responsive service, we have assembled a representative team of experts in state management, citizen services, and effective government. Key representatives on the team can be found below. The team is structured to provide maximum efficiency and operational effectiveness throughout the project lifecycle while minimizing risks to project completion. A&M has selected appropriate personnel, each with the necessary skill set to fulfill key roles. We can also leverage resources from our industry experts to meet additional specific needs.

Figure 5: A&M’s Project Team



A&M recognizes the importance of this program to the state, and we are bringing the senior resources necessary to successfully deliver. Commensurate with this commitment, we are proposing a team of senior leaders spearheaded by the head of our Public Sector Practice, John Cox, in addition to leadership across the primary agency work streams:

- Administration
- Education
- Transportation
- Revenue
- Health and Human Services/Medicaid



DELIVERABLES

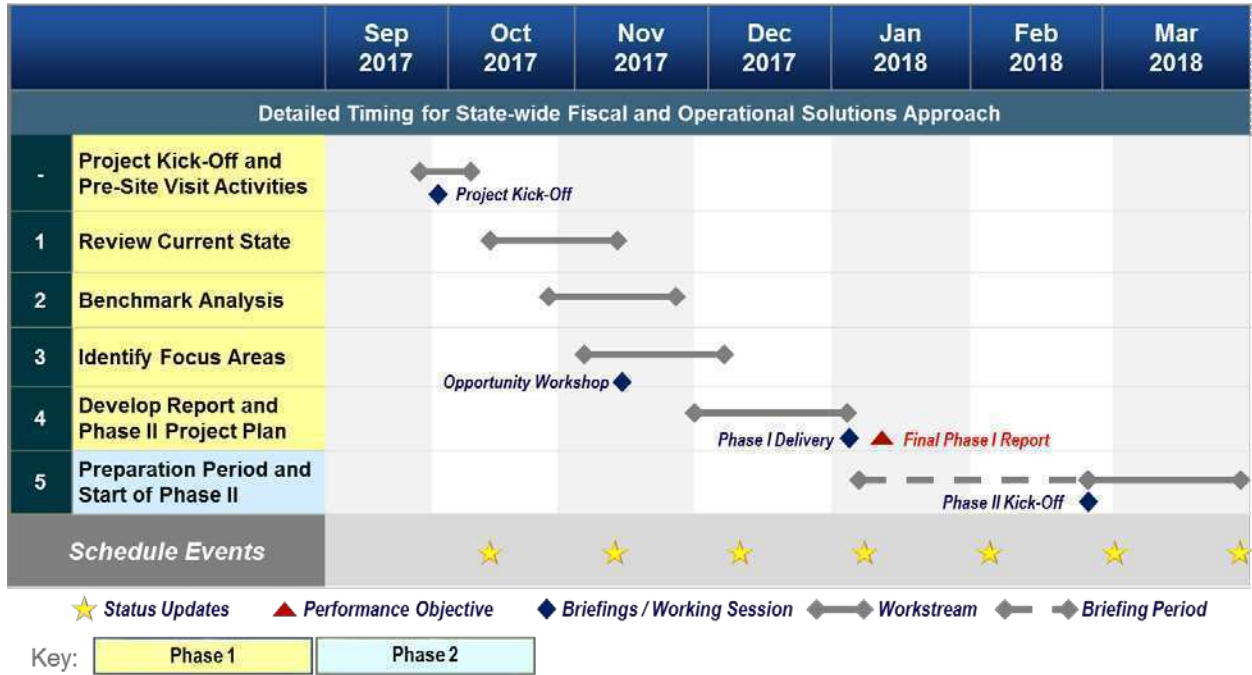
We will provide three deliverables over the course of the engagement beginning with a project work plan delivered within 7 days of project kick-off, a list of opportunities within 30 days of project kick-off, a draft report detailing each recommendation within 60 days, and a final report 90 days after project kick-off.

Deliverable	Name	Description	Due
Deliverable 1	Work Plan	Statement of work and detailed project plan	7 Days After Project Kick-off
Deliverable 2	Bi-weekly Status Updates	Bi-weekly status updates including accomplishments, status update, risks identified, and next period tasking. Additionally, we will hold weekly round table calls with State leadership to discuss project status, identify risks, and manage the project.	Every 14 days after Project Kick-off
Deliverable 3	Draft Report and Recommendations	Draft report detailing each savings recommendation including background, findings, recommendation, fiscal impact, and implementation plan.	60 Days After Project Kick-off
Deliverable 4	Final Report	Final Report including a framework for implementation	90 Days After Project Kick-off

PROJECT MANAGEMENT PLAN

The project management plan will be the guide for the teams as the project occurs. It will serve as a tool that will allow the project manager to stay on schedule and stay focused. Below is a representation of what will occur during the first three months of the process. It focuses on the first 90 day period where the bulk of the work will be done. Upon award, a project plan will be developed. The plan will serve as the bases for tracking, monitoring and reporting progress.

Figure 6: Timeline for the Phase 1 Assessment





COST PROPOSAL

Schedule 1: Project Cost Summary

The project costs have been subdivided into three phases. The pricing presented is for Phase I, which includes a base project management and budget analysis team and four work streams working with each of the agency representatives. The work streams include both senior and junior staff onsite working directly with agency leadership for periods of up to twelve weeks. The total price for Phase I below is based on a Not To Exceed (NTE) price limit built from A&M’s US Communities rate structure. Future Phases will be priced based on agreed to scope.

Project Work Stream	Total Price
Phase I	\$937,159
Phase II	TBD
Phase III	TBD

Schedule 2: Labor Rates for Implementation Support

In accordance with the U.S. Communities contract vehicle, we are presenting the labor rates inclusive of travel, expenses, other direct costs, fees, and administrative burden.

Labor Category	Total Rate
Senior Executive / Subject Matter Expert	\$501.05
Managing Director	\$471.23
Principal	\$441.40
Director	\$399.65
Manager I	\$334.03
Senior Associate	\$312.56
Consultant	\$238.60
Analyst	\$200.42

Pricing Assumptions and Expectations

In preparing this proposal, A&M has made the following assumptions regarding the project, the state’s role, responsibilities and obligations, including the type of information that the State of Rhode Island will need to provide in order for us to perform the tasks described in the SOW:

- The proposal presented is valid for ninety (90) days from date of submission.
- Our estimate of hours is based on our experience performing hand-on program management of large-scale government efficiency projects, the level and quality of resources that we will bring to bear on this assignment, and the technical capabilities of each member of our team.
- The pricing presented reflects completion of the following tasks from the scope of work
 - Developing the work plan (Deliverable 1)
 - Bi-weekly Status Updates (Deliverable 2)
 - Draft Report and Recommendations (Deliverable 3)
 - Final Report (Deliverable 4)



- We assume that the period of performance will begin in September 2017 and last for a period of no more than three months with the initial opportunity identification and assessment period occurring in the first three months.
- Our team will work in collaboration with members of the Office of Management and Budget and the representative state agencies to identify savings opportunities, quantify cost and benefits, and vet the final recommendations.
- The A&M Team is proposing a comprehensive response to address the requirements of the State. The people, processes, technologies, tools and overall program governance approach that we employ are integrated driving an end result that is consistent, auditable and of the highest professional standard. The hallmark of our delivery approach is to function as a closely integrated team. Therefore, we reserve the right to reallocate hours and cost between phases as needs arise with concurrence of the state.
- We have assembled a cross-functional team with deep experience with the agencies we will review. We fully anticipate leveraging the specific resources identified in our response; however, should circumstances arise, we will work directly with the state to identify a suitable and equivalent resource.
- The Office of Management and Budget will provide reasonable assistance in developing baseline understanding of budgetary conditions and statutory requirements unique to Rhode Island. Additionally, OMB will assist in coordinating access to departmental leadership and staff within the state who are qualified to assist us in obtaining necessary information and performing work in accordance with the contract. State personnel will cooperate and participate fully with meeting requests, providing documentation in a timely manner and in format compatible for analysis, and other project involvement. State personnel will work with the A&M staff to meet our agreed upon timeframes to complete work.
- We may use or develop proprietary software, including models, spreadsheets, documents, databases and other electronic tools, to assist us with our assignment. As these tools were developed specifically for our purposes and without consideration of any purpose for which you might use them, they are made available on an “as is” basis for client use only and should not be distributed to or shared with any other party. Further, we make no representations or warranties as to the sufficiency or appropriateness of the software tools for any purpose for which you may use them.
- A&M and the State of Rhode Island may have discussions throughout the course of this project that enhances their understanding of expectations, project goals and the work being performed. Only written documents, however, can constitute formal deliverables for which A&M can be held contractually liable. Information not provided in writing cannot be attributed to A&M. Additionally, A&M’s definitive findings and conclusions will be contained solely in our final written deliverables.



- The state shall provide written notification of acceptance or rejection of all final deliverables by the outlined deadlines. Absent written notification, final deliverables will be construed as accepted. All notifications of rejection will be accompanied with an explanation of the specific deficiencies causing the rejection.

- The labor rates proposed by A&M include travel costs and administrative fees as per the US Communities contract. The description of the US Communities contract for reference in the purchase order can be found below.
 - Contract Name: Innovations and Solutions
 - Lead Public Agency: Fairfax County, VA
 - Contract No. # 4400005869
 - Contract Terms Period 1: April 29, 2015 – April 28, 2018
 - Contract term is three (3) years with two (2) three year renewal options



RESUMES

The personnel initially selected to serve the State of Rhode Island represent a team with significant public sector, and/or hands-on experience operating in a resolution environment. Based on availability, we may elect to alter our staffing plan with the state's concurrence. Our people have unparalleled direct operating and management experience as a result of our work on major restructuring and crisis management assignments. This hands-on experience creates an intense bias towards action; a relentless focus on finding practical, realistic solutions. ***The A&M team focuses on implementing solutions to complex problems, not just consulting on them.***



John Cox has 30+ years of experience as an executive of, and trusted advisor to, federal agencies, state and local governments (with a focus on human services and education), and large commercial organizations.

By designing new fiscal control processes, assisting with rate analysis, and developing new fiscal regulations, Mr. Cox has assisted in recovering \$100 million in funds for the Commonwealth of Pennsylvania's Office of Developmental Programs (ODP). He has also guided the management of \$3 billion in state and federal Medicaid spending for the intellectually and developmentally disabled as the interim Director of Finance for ODP. He oversaw analytical support for multiple ODP stakeholder groups and worked on Department transformation initiatives with the Deputy Secretary's office. He led a separate team that worked to secure approval of a large comprehensive 1915(c) waiver renewal including major changes to the waiver to be compliant with CMS's HCBS final rule. That same team also worked to secure initial approval of its state transition plan under CMS's HCBS final rule.

Mr. Cox also oversaw the analytical and budget support for the Office of Long Term Living, including their transformation to a new managed care rate setting system for the \$7 billion program. The OLTL program included several 1915(c) waivers.

As the subject-matter expert for the State of Maryland Medicaid project, Mr. Cox helped identify necessary system improvements for enhanced fiscal transparency and forecasting for its 1915(c) waiver. Furthermore, he managed a team that developed a methodology and model that was critical in helping the State of North Carolina secure approval for its \$13 billion (total dollars) Medicaid appropriation request – removing the need (prior to A&M's arrival) for supplemental appropriations.

Prior to joining A&M, Mr. Cox was the presidentially-appointed CFO of the \$40 billion U.S. Department of Housing and Urban Development (HUD). He led the team to three straight unqualified opinions and three positive statements of internal controls assurance on Office of Management and Budget (OMB) Circular A123-A assessments. Additionally, he served as CFO of BMC Software, Inc. (then a publicly traded company) successfully leading financial transformations, which reduced significant costs and greatly improved customer satisfaction.

Mr. Cox holds a Bachelor's of Accounting from Texas A&M University and is a Certified Public Accountant (CPA) licensed in the State of Texas.



Basilia Yao

Senior Director

Public Sector Services

Role: Project Manager

Basilia Yao has 15+ years of providing management and advisory services for commercial and public sector clients. In 2015, Ms. Yao was recognized by *Consulting Magazine* as one of their Top 25 Consultants.

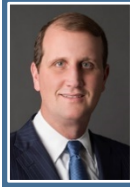
Basilia Yao has led a number of engagements in the public sector space. Most recently, she served as project manager for the Empire State Terminal Group engagement, where she established organization to design, build and operate new Terminals C and D and LaGuardia Airport under lease with the Port Authority of New York and New Jersey. She also worked with the City of Houston, Department of Public Works and Engineering to assess the commercial permitting process to identify opportunities for performance improvement and efficiency gains. Ms. Yao advised the Apex for Youth organization in New York City in developing their first multi-year strategic plan.

Previously, Ms. Yao led a team advising the Commonwealth of Pennsylvania, Office of Developmental Programs (ODP), on the management of the Department's application to the Centers for Medicare and Medicaid Services for a five-year renewal of its \$2 billion Medicaid waiver programs for the intellectually and developmentally disabled. In this capacity, she is responsible for the integration of policy changes, quality assurance and fiscal analysis of ODP's waiver renewal application.

Prior to joining A&M, Basilia was the Chief Operating Officer for the Office of Housing Recovery Operations in the administration of former New York City Mayor Michael Bloomberg. She oversaw the financial management and overall project controls for the City's program for repair of homes damaged by Hurricane Sandy. Basilia was also a Senior Policy Advisor to Mayor Bloomberg's Special Initiative for Rebuilding and Resiliency, which developed the City's long-term climate change preparedness and resiliency strategy.

In addition, Basilia held several leadership roles at General Electric, including Global Marketing Leader for GE Transportation—handling marketing, new product introduction, and competitive intelligence functions for the \$2 billion locomotive business. Prior to that, Basilia was an Advisor to Mercy Corps—an international development and humanitarian aid non-governmental organization. She also served as an Economic Development Representative to former Los Angeles Mayor James Hahn as well as an Analyst in Lehman Brothers' Public Finance group.

Ms. Yao holds a Bachelor's in History from Columbia University, an M.B.A. from Harvard Business School, and a Master's of City Planning from the Massachusetts Institute of Technology. She is also a Certified Project Management Professional.



John Rust

Senior Director

Public Sector Services

Role: Strategic Advisor

John “J.W.” Rust is a Senior Director with Alvarez & Marsal Public Sector Services in Washington, D.C., with 20+ years of financial services and management consulting experience.

John “J.W.” Rust has led multiple statewide efficiency reviews. He works with clients on corporate finance and strategy, capital markets advisory support, merger and acquisition due diligence, portfolio and credit risk management, and crisis management.

Mr. Rust Served as project manager for the State of Kansas Government Efficiency Study, directing 14 teams with 40+ team members overseeing Administration, Commerce, Corrections, Education, Medicaid and Social Services, Revenues, Transportation, Benefits, Insurance, Human Resources, Pension, Procurement, Real Estate and Technology work streams. Mr. Rust, along with the A&M team, identified \$2+ billion in savings over a five-year implementation period for the Legislature and Executive Branch.

Mr. Rust served as the project manager for the State of Louisiana’s Government Efficiency Management Support (GEMS) program from December 2013 to June 2014. He supervised 14 teams of 50+ team members and the Program Management Office to identify \$2.7 billion in savings, across 13 state agencies, over a 5-year implementation period for the Governor.

Prior to joining A&M, Mr. Rust was a Senior Associate with Booz Allen Hamilton where he led the Civil and Commercial Financial Services group for the Decision Analytics Team. Previously, he was the Director of Research for West Financial Services where he led the planning, research and analysis of the equity and fixed income portfolios.

Mr. Rust earned a Master’s in Information and Telecommunications Systems (MSITS) from Johns Hopkins University, and a bachelor’s degree in business administration from James Madison University. He currently holds the Chartered Financial Analyst (CFA) designation, and previously served on the Board of Directors for the CFA Society of Washington.



Nancy Zielke

Senior Director

Public Sector Services

Role: Strategic Advisor

Nancy Zielke has 30+ years of financial experience as an interim executive, consultant, and officer for state and local governments, municipalities, public utilities and school systems.

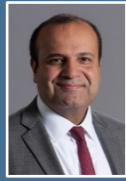
During her 30-year career, Nancy Zielke served in chief financial and budget officer positions and as advisor to state and local government entities, public utilities and school systems. She brings deep expertise in financial improvement strategies including redesign of cost structures, revenue enhancements, organizational management, internal controls and operational risk assessments. Ms. Zielke is currently leading a process improvement and strategic transformation for the City of Seattle in assisting the \$2 billion government organization with their upgrade to PeopleSoft 9.2.

She has extensive state Medicaid financial advisory and operational transformation consulting experience, including recently leading a team in South Carolina that improved the state's Medicaid operating position and created a new financial reporting and budget planning process. She served as the Interim Director of Policy and Budget Planning for the Pennsylvania Department of Human Services, assisting the Office of Long Term Living in the planning and transition from fee-for-service to managed care where she created an improved new finance organization.

Previously, Ms. Zielke served as a lead consultant on the Kansas Efficiency review where A&M targeted \$2 billion in general fund savings and recommended an improved budgeting and resource allocation process. She also managed the implementation of A&M's recommendations for the State of Louisiana Government Efficiency review of cabinet-level agencies, which identified over \$2.7 billion in annual savings over a five-year period. In addition, Ms. Zielke handled the design of a \$1 billion fiscal and operational improvement plan for a U.S. territory across Healthcare, Education, Public Safety and Tax agencies. Her work in the Education Agency resulted in \$105 million in savings.

Prior to joining A&M, Nancy worked in state and local government. Nancy Zielke was the former CFO of Kansas City, Kansas and Interim Budget Director for the South Carolina Department of Health and Human Services. She served as Assistant Vice Chancellor for Fiscal Operations at the University of Missouri-Kansas City (UMKC). During her time at UMKC, the university received three separate Awards in Excellence from GFOA for various efficiency, transformation, and management improvement efforts.

Ms. Zielke holds a Master's in Public Administration from the University of Kansas and a Bachelor's in Business Administration from Adrian College. She holds a certificate as an Emergency Manager from Michigan State University. She is a past President of GFOA and current advisor to their various standing policy committees.



David Javdan

Managing Director

Public Sector Services

Role: Strategic Advisor

David Javdan has 20+ years of experience addressing complex regulatory issues. As a former legal executive and federal and state regulator, he has a unique mix of experience in the corporate and public sectors.

David Javdan specializes in addressing complex legal and banking regulatory issues on behalf of corporate, private and public entities. He recently served as General Counsel of the U.S. Small Business Administration and as one of 14 experts of a Landmark federal procurement reform council. He was also jointly appointed by New York Governor and Attorney General to be member of the Moreland Commission, which probes systemic corruption in state government, political campaigns, and elections in New York State.

Prior to joining A&M, Mr. Javdan served as General Counsel of the United States Small Business Administration—a Presidential appointment. Prior to that, he worked at Stroock & Stroock & Lavan LLP as an attorney participating in Stroock’s representation of the Austrian Jewish community in Holocaust restitution matters, including serving as counsel before the U.S. State Department in negotiating sessions with the Austrian government. Mr. Javdan also served as pro bono counsel to the New York State Senate, where he drafted the nation’s first insurance laws allowing individuals and small businesses to seek restitution of property converted during the Nazi era.

Mr. Javdan holds a Juris Doctorate from Fordham Law School and a Bachelor’s degree from Columbia University.



Hugh Carey II

Manager

Public Sector Services

Role: Manager

Hugh Carey II has 8+ years of experience in performance improvement for state and local governments. He specialized in assisting governments and stakeholders in overcoming complex problems.

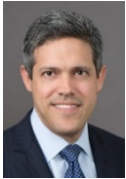
Hugh Carey's state government experience includes work with the State of New York, State of Louisiana, Commonwealth of Puerto Rico, and the Commonwealth of Pennsylvania. At the New York State Office for People with Developmental Disabilities (OPWDD), he advised the Division of Enterprise Solutions in managing the financial budget forecasting and analytics for both State Plan Services and 1915(c) Home and Community-Based Services (HCBS) for State and non-State providers. Hugh Carey II was a part of a vital team that advised the Commonwealth of Pennsylvania Office of Developmental Programs (ODP) policy and program office, in its Home and Community Based Services (HCBS) Transition Plan. The team was rewriting the department's regulatory documents and project managing ODP's 1915(c) Home and Community-Based Services Waiver renewal.

Previously, Mr. Carey was the project manager for operational efficiency reviews in the Department of Public Safety and Corrections, and the Office of Juvenile Justice. He helped develop 18 recommendations for \$204 million in savings over a five-year period for the State of Louisiana. For the Commonwealth of Puerto Rico Department of Education, Mr. Carey assisted a team developing a facilities consolidation plan for 1,472 schools. This plan tracked infrastructure capabilities, student enrollment, operating costs and other important metrics. This engagement included meetings with senior leadership to help identify schools for closure or enhancement and resulted in annual savings from \$100 million to \$250 million.

Prior to joining A&M, Mr. Carey was a short-term municipal bond trader at Ramirez & Co, managing day-to-day operations of a billion dollar Auction Rate Securities portfolio.

Mr. Carey holds a Bachelor's in Political Science from Union College.



Figure 7: Subject Matter Expert Experience

Subject Matter Experts	
 <p>Cyndi Joiner Managing Director Role: Procurement Lead</p>	<p>Cyndi Joiner leads A&M’s National Supply Chain and Procurement practice and has 25+ years of operational and consulting experience in Government, Financial Services, Retail, Non-Profit and Manufacturing.</p> <p>Most recently, Ms. Joiner led a comprehensive efficiency assessment of the United States Postal Service (USPS), evaluating all facets of USPS’s processing and distribution network, retail, collection and delivery operations. The A&M team led by Ms. Joiner recommended USPS undertake 11 initiatives to right-size operations, increase efficiency, and modernize for over \$1 billion annual savings under current legal and regulatory constraints. As a result of this effort, A&M was asked to provide additional analysis and implementation support, including work hours and position control and delivery mode conversion.</p> <p>Prior to joining A&M, Ms. Joiner was a Director with Huron Consulting where she developed staff competencies, demand management and supplier consolidation strategies for the financial services, healthcare, higher education and retail industries.</p>
 <p>Ben Diaz Managing Director Role: Revenue/ Taxation Lead</p>	<p>Ben Diaz advises corporate clients on state and local taxes, with an emphasis on income/franchise and sales/use taxes for multi-state entities. With more than 20 years of experience, he conducts reviews and structural planning related to acquisitions and dispositions, audit defense, tax compliance, and the application of technology for state and local tax purposes. He also advises clients in the public sector in tax reform, including designing tax systems and improving operational effectiveness.</p> <p>Mr. Diaz led the analysis for the Kansas Department of Revenue work stream identifying over \$380 million in annual savings over the five-year implementation.</p> <p>Previously, Mr. Diaz worked with the State of Louisiana Department of Revenue in the evaluation of modeling applications and the financial impacts of legislative changes to Louisiana tax laws proposed during the 2013 Louisiana Regular Legislative Session. Additionally, Mr. Diaz worked as Advisor to the Treasury Secretary on a large tax reform project for Puerto Rico Hacienda (Treasury). The work was focused on tax reform design, compliance improvement by tax authorities, tax training and operational improvement in interaction with taxpayers and other stakeholders.</p>



 <p>Andre Fogarasi Global Advisory Board Role: Revenue/ Taxation Lead</p>	<p>Andre Fogarasi serves in the Global Advisory Board of Alvarez & Marsal Tax, LLC. With more than 40 years of experience (25 years specifically in international tax services), he has deep expertise in federal, international and cross-border taxation.</p> <p>Most recently, Mr. Fogarasi served on the Puerto Rico Department of Treasury Tax Advisory Services project. He reviewed and analyzed Puerto Rico's Treasury Department's budget and function to increase tax cash flow. A&M's recommendations proposed substantial improvement in cash flow from their sales and income taxes and provided legislative recommendations for individual tax laws to simplify enforcement and increase cash flow.</p> <p>Previously, Mr. Fogarasi served as the lead revenue and tax advisor for a statewide efficiency study of the State of Kansas. He analyzed and reviewed the department's processes with regard to discovery, auditor and collections capacity, and the appeals process.</p> <p>Mr. Fogarasi also served as a Managing Director in Arthur Andersen's National Tax Office where he provided clients with leading edge advice in all fields of taxation. Prior to joining Andersen, Mr. Fogarasi served as Special Assistant to the Under Secretary for Economic and Tax Policy, U.S. Treasury (1980-1981) where he assisted in creating legislation and regulatory policy.</p>
 <p>Erin Covington Managing Director Role: Education Lead</p>	<p>Erin Covington has 19 years of experience serving in key leadership positions and providing management and advisory services for public sector clients with a focus on education.</p> <p>Ms. Covington recently served as the engagement leader for an assessment of South Carolina's school districts where A&M was responsible for conducting an efficiency review of all school districts. The team identified efficiencies within finance, human resources, procurement, transportation and overhead. Preliminary savings estimates total nearly \$40 million annually.</p> <p>Previously, she served as financial advisor to the Newark (NJ) Public Schools where she developed a plan to address a material budget deficit facing the organization. The plan led to the identification of new revenue totaling \$40 million as well as the identification of cost savings opportunities totaling \$26 million.</p> <p>Prior to joining A&M, Ms. Covington served as CFO for a leading think tank in Washington DC. Earlier in her career, she worked in the financial reporting division for a major energy trading company and at KPMG performing various audit and consulting engagements.</p>



 <p>Ron Orsini Managing Director Role: Transportation Lead</p>	<p>Ron Orsini serves as a leader of A&M’s Corporate Transformation Services and strategy practices. With more than 25 years of professional experience he brings significant experience in a variety of industries, including consumer and industrial products and services, construction and engineering, and transportation infrastructure.</p> <p>Mr. Orsini worked with the Puerto Rico Department of Transportation and Public Works leading a team of consultants tasked with conducting a comprehensive performance diagnostic of the island’s highway and transit agencies. Additionally, he led a team for independent review of the North Texas Tollway Authority’s financial and operational functions; delivering over 70 recommendations for improved operations and governance.</p> <p>Mr. Orsini led the assessment of the Kansas Department of Transportation, as part of A&M’s statewide effort to drive governmental efficiencies on behalf of the legislature, in developing recommendations to increase operational efficiency and improve revenue. Additionally, he led a team in a statewide assessment for the State of Louisiana to improve revenue for the Louisiana Department of Transportation and Development.</p>
 <p>Wanda Seiler Senior Director Role: Medicaid/Social Services</p>	<p>With 20+ years of state government experience, and 10 years of private sector experience, Ms. Seiler specializes in the assessment and restructuring of human and social services programs that support people who are elderly, disabled and/or economically disadvantaged.</p> <p>Ms. Seiler has led initiatives to restructure waiver payment methodologies and engaged stakeholders eliciting input and feedback to inform and lead service and quality improvement system transformation.</p> <p>Prior to joining A&M, Ms. Seiler was a Principal Project Manager for FEi Systems, Inc., and a Senior Consultant with the Rushmore Group. She has extensive experience in stakeholder engagement and has provided expert witness testimony in litigation related to deficits in the provision of home and community based services. Previously, she was the Director for South Dakota’s \$100 million Department of Human Services Division of Developmental Disabilities. As a public lobbyist in South Dakota, she provided legislative testimony in support of Governors’ recommended budgets, revisions to involuntary commitment statutes and simplification and refinement of administrative code.</p>



A&M QUALIFICATIONS

Alvarez & Marsal has a wide range of experience across the public sector since its inception in 2003. Our proven success across many aspects of state and local governmental management including budget processes, budget management and cost efficiency directly align with the required services requested by the State of Rhode Island. Highlights of A&M’s engagement experience show the breadth of our experience, complexity of client environments and outcomes achieved.

Provided below are overviews of relevant statewide reviews and large-scale budget operations and process experience as well as cost impacts/reductions for which additional detail is provided as well as reference information.

Figure 8: Relevant Experience

Summary of Relevant Experience						
	Review Government Responsibilities	Identify Efficiency Opportunities	Identify Areas for Further Study	Employee Incentive Program	Review Agency Plans	Medicaid Savings Opportunities
Statewide References						
State of Louisiana	✓	✓	✓		✓	✓
State of Kansas	✓	✓	✓	✓	✓	✓
Commonwealth of Puerto Rico	✓	✓	✓		✓	
Health / Medicaid References						
State of South Carolina, Department of Health & Human Services	✓	✓	✓		✓	✓
State of Maryland, Department of Health & Mental Hygiene	✓	✓	✓		✓	✓
State of North Carolina, Department of Health & Human Services	✓	✓	✓		✓	✓
New York State, Office of People with Developmental Disabilities	✓	✓	✓		✓	✓
Pennsylvania Department of Human Services, Office of Developmental Programs	✓	✓	✓		✓	✓
Statewide Education References						
South Carolina Department of Education	✓	✓	✓			



The references are provided to demonstrate past performance relevant to the scope of work.

Reference State of Kansas – Statewide Efficiency Review (October 2014 to April 2015)

Due to losses in tax revenue, Kansas was projected to experience both current and future budgetary deficits. The State Legislature passed legislation to undertake an efficiency study with the following three objectives:

- Budget Analysis
- Efficiency and Cost Savings Recommendations in:
 - Government Role
 - Service Levels
 - Service Delivery
 - Consolidation
 - Shared Services
 - Leveraging Foundations
 - Technology
 - Human Resources
 - Privatization
 - Facilities
- Budget Process Review

In this engagement, A&M:

- Led the government efficiency study working side-by-side with nine cabinet agencies and offices.
- Conducted a bottoms-up study of the state government and helped drive efficiency by improving cash collections, consolidating operations, maximizing federal funding, improving internal performance, identifying new and/or expanded revenues and developing a strategic sourcing process for the procurement of goods and services.

All recommendations were thoroughly vetted to ensure they could be implemented. Each recommendation was subjected to a rigorous series of tollgates with agency leadership to ensure they fit within the state’s strategic plan as well as the defined scope.

The final report for the State Efficiency Study contained 105 efficiency, cost savings, and new revenue opportunities exceeding \$2 billion for the State of Kansas over five years. Since the report’s issuance, the state:

- Created a Program Management Office and codified certain recommendations in order to allow for the consolidation of shared services functions.
- Created budgetary increases to allow for the hiring of auditors.
- Started to work through internal efforts to drive savings across the state agencies.

Reference Louisiana Division of Administration (December 2013 to September 2014)

A&M was contracted by the State of Louisiana DOA to undertake a government efficiency review for nine cabinet agencies. The project's (known as the Government Efficiencies Management Support (GEMS) project) main goal was to identify an average of \$500 million annually and \$2.5 billion over five years in cost savings from state government operations.

In this engagement, A&M:

- Conducted a bottoms-up study of the in-scope departments and offices by:
 - Expanding already successful programs
 - Maximizing federal funding
 - Improving internal performance
 - Preventing fraud and abuse
 - Identifying new and/or expanded revenues
 - Developing a strategic sourcing process for the procurement of goods and services including more effectively managing contracts over the course of six months

All recommendations were thoroughly vetted to ensure they could be implemented within the set parameters. Each recommendation was subjected to a rigorous series of tollgates with DOA and agency leadership to ensure they fit within the state's strategic plan as well as the defined scope.

Following the completion of the final report on how to improve government operations, A&M led the Project Management Office implementing the recommendations and working closely with the DOA and other state agencies. The A&M team met weekly with all stakeholders and leadership in a trusted advisor role to maintain implementation timelines and problem solve any issues that arose.

The final report for the Government Efficiencies Management Support (GEMS) project contained:

- **Seventy-two efficiency, cost savings, and new revenue opportunities exceeding \$2.7 billion for the State of Louisiana over five years.**

These A&M recommendations excluded recommendations on raising taxes, laying off state employees, and reducing citizen services.

During the four-month implementation period led by A&M, the state achieved real savings of \$72 million, which were included in the FY15 budget. The state expected to save another \$230 million in FY15 as a direct result of A&M's services after the A&M-led PMO concluded its efforts. In FY16 (the first full year of implementation) the state projected savings of \$574 million due to A&M recommendations.

Reference Puerto Rico Office of Management and Budget – Management and Budget Reform (May 2012 to December 2012)

In 2012, faced with a \$1.7 billion budget shortfall and a series of downgrades by the major rating agencies, the Commonwealth of Puerto Rico retained A&M to evaluate its current operational efficiency, financial performance, and cost reduction alternatives across the commonwealth's agencies. The state selected the following agencies to be assessed:

- Puerto Rico Department of Education (K-12)
- Puerto Rico Police Department and Corrections
- Puerto Rico Department of Health and Insurance
- Puerto Rico Department of Tax and Treasury

A team of over 70 staff conducted an exhaustive review of potential revenue and cost savings opportunities and worked alongside senior leadership in the Office of Management and Budget and across several government departments. The A&M team addressed programs accounting for approximately \$9 billion in annual spend and identified critical opportunities for proposed revenue enhancement and cost reductions that totaled approximately \$1.7 billion over three years.

As A&M began implementing its recommendations, a change in the governorship halted the team's efforts. Given less than a month to close out our work, we focused on efforts that would realize immediate value and documented the status of open activities. A&M was re-engaged by the Department of Transportation (DTOP) in March 2013 to assist the Secretary of DTOP to create a governance model, establish a system of compliance management, and formalize an audit and resolution process within DTOP to appropriately interface with FTA and other granting agencies.

The team performed an in-depth operational and budget analysis of each agency that culminated in the design of a multi-year \$1.7 billion fiscal and operations improvement program to ensure high departmental performance without interrupting services to the commonwealth's citizenry. A specific work stream to support revenue generation for Puerto Rico focused on increasing federal fundraising and structuring a government-wide organization to capture, manage and oversee federal funding across multiple local agencies.

A&M delivered numerous reports outlining proposed recommendations, benchmarking federal grant funding by program area, specific implementation plans, and a business plan including workforce design.

Reference North Carolina Department of Health & Human Services – Interim Management & Consulting Services (February 2014 to October 2015)

North Carolina’s Medicaid office serves over 1.8 million children and adults as the responsible entity for the administration of the state’s \$14 billion Medicaid annual budget. Prior to A&M’s arrival in SFY 2014, the cumulative Medicaid deficit for the preceding four years was \$1.8 billion, and the Medicaid office lacked the data to identify the drivers for the cost overruns and operated with an ineffective organizational structure and inadequate staffing. A&M’s directive was to help the Medicaid office to:

- Build actionable datasets to give program leadership transparency into their respective costs and to serve as a foundation for bottoms-up budgeting and forecasting. A&M led the re-organization of the state’s Medicaid budget to bring the agency back to a surplus.
- Develop key internal controls and cost management reporting.
- Restore the confidence internal and external stakeholders had lost in the Medicaid finance office by providing authoritative, trusted information.
- Develop a robust, bottoms-up financial model to forecast and budget Medicaid’s expenditures, revenue and net appropriations.
- Re-align the organizational structure to facilitate effective governance of its expanded mission/scope in a post-Affordable Care Act world.
- Review and modify, as necessary, all financial processes and procedures that reinforce compliance and reporting requirements as well as effective financial oversight.
- Establish the foundation for a substantial human capital management upgrade by identifying responsibilities, setting employee goals, and performance management standards across the organization.
- Serve in active leadership roles on an interim basis, as needed, to help drive the transformation, and help recruit and train key existing staff to ensure “burn in” of the implemented improvements to produce sustainable long-run change.
- Implement changes in vendor management and the drug rebate recovery process impacting the general fund in accelerating \$27 million in collections and saving over \$8 million without impacting delivery of services.

In summary, A&M led a financial and operational transformation of Medicaid, the largest single line item in North Carolina’s budget, and 18 percent of the state’s total budget bringing the department from a \$1.8 billion cumulative deficit to a \$200 million surplus within the biennium.

Reference South Carolina Department of Health & Human Services Financial and Operational Improvement Initiative (August 2011 to November 2012)

In the face of a \$250 million operating deficit, the State of South Carolina Department of Health and Human Services (SCDHHS) engaged A&M to provide financial and organizational re-engineering and interim staffing services to improve its financial forecasting and budgeting processes. The newly appointed Executive Director was challenged with organizational and financial performance issues, including a projected operating deficit within its general fund appropriation.

Our team was selected through a Statement of Work proposal to assist SCDHHS to address its financial uncertainty and to develop a transparent and accountable resource allocation plan and organizational structure. A&M served SCDHHS in a phased project approach to improve its internal financial and operational processes, identified potential cost savings, proposed a new organizational structure and developed fiscal forecasts.

A&M created a performance-driven resource allocation budgeting approach based on measurement, data, analytics, modeling and reorganization planning, creating a new Office of Planning and Budget and related Finance Department programs. Following the completion of the Budgeting for Excellence recommendations, A&M oversaw the implementation of the recommendations, working closely with SCDHHS and other state agencies. The A&M team met weekly with all stakeholders and leadership in a trusted advisor role to maintain implementation timelines and problem solve any issues that arose.

A&M assisted SCDHHS to improve its finance operations including developing a sustainable fiscal management planning and reporting process. Major outcomes included:

- New blueprint for improved internal financial and budget planning process resulting from the reorganization and operational realignment.
- Deployment of a new robust budgeting and forecasting financial model with scenario manager capability.
- Improved credibility with the state legislature and other key stakeholders through the timely delivery of accurate financial metrics and reports.
- Identification of key cost drivers and performance metrics for all major Medicaid program lines of services.
- Understanding of beginning and ending fund balances.
- Increased ending fund balance in excess of \$60 million during first year of implementation of new financial budgeting methodology.
- Accountable financial reporting and key performance metrics/cost drivers to monitor program services and manage costs.

Reference Pennsylvania Department of Human Services – Office of Developmental Programs (ODP) (October 2012 to September 2016)

ODP is a \$3.4 billion Medicaid program that serves approximately 53,000 participants with intellectual and developmental disabilities. A&M was initially engaged as an Interim CFO to provide analytical support to the Deputy Secretary to inform policy decisions and communicate effectively to stakeholder groups. After providing greater insight on the cost drivers, A&M began to work to transform and improve the department's internal processes and seek federal approval for ODP's comprehensive waiver renewal.

Outcomes:

- Spearheaded reporting and process changes by creating financial models that allowed the organization to compare historical spending patterns and project future spending from a point in time to the end of the fiscal year.
- Oversaw the transition of approximately \$700 million of ODP's \$2 billion waiver spending to a fee schedule basis, transforming payment methods from a cost basis. This resulted in better control of Medicaid costs. A&M estimates that the rate methodology savings in one year was approximately \$40 million.
- Designed user-friendly reporting templates and manuals to aid in the transition of key financial forecasting reports to the ODP fiscal team.
- Provided technical assistance on compliance with Center for Medicaid and Medicare Services (CMS) legislation and regulations.
- Project managed successful completion of a tentatively approved program transition plan to ensure compliance with the federal HCBS final rule.
- Negotiated a proposed provider lawsuit to a successful conclusion resulting in total payments that were \$30-\$40 million less than originally proposed.
- Worked on a rate setting initiative and discovered a \$35-\$45 million actuarial error in a computation. This error was corrected prior to payments being issued.

During the four years A&M was engaged by ODP, the firm worked tirelessly to keep the department within budget. The A&M team achieved this goal by reducing costs by \$100 million, as well as providing better estimates for the department's expenditures.

Reference Maryland Department of Health and Mental Hygiene (DHMH) (January 2013 - Present)

Maryland Department of Health and Mental Hygiene (DHMH) - Developmental Disabilities Administration (DDA) administers Medicaid's 1915(c) Home and Community Based Services waiver and provides state funding for other state services for individuals with developmental disabilities. A&M served as the prime contractor, providing Financial Restructuring Support; Financial and Program Management Support; Management Consulting Support for the DDA's Transformation and Adoption of the Long Term Services and Supports (LTSS) System.

DDA utilizes a \$1 billion budget to provide funding to approximately 24,000 individuals. A&M has provided the following support to the division:

- Conducted a process review to provide clarity into DDA's existing operations for both immediate and long-term process improvement.
- Assessed the organization and supported changes to the organizational model.
- Supported the development and passage of critical legislation to reform the payment system.
- Developed a future system recommendation taking into consideration changes in new key legislation that would affect statutory requirements.
- Developed future DDA processes and detailed plans to support transformation.
- Led ongoing support and management of DDA's transformation efforts given limited DDA resource availability by providing continuing oversight, analysis, and executions support.

Some outcomes of the above-mentioned transformation of DDA's financial system include:

- Developed recommendations for new financial systems and financial systems transformation.
- Improved federal funds attainment by \$16.2 million.
- Implemented programmatic changes to achieve \$5.5 million in general fund savings.
- Coordinated all requirements for future system and processes to support new payment and operational systems.
- Trained network providers and internal personnel.

**Reference New York Office of People with Developmental Disabilities (OPWDD)
(September 2016 - Present)**

New York State Office of People with Developmental Disabilities (OPWDD) is a \$7.6 billion program that coordinates services for more than 135,000 New Yorkers with developmental disabilities. Services are provided directly and through a network of non-profit agencies. A&M was engaged to develop and operationalize an improved budget and projection process and detailed analysis to more accurately predict and incorporate estimated changes to current rates for provider agencies on future budget requests. A&M served as the prime contractor, providing financial management oversight to increase transparency and identify department elasticity to changes in rate methodology.

Some outcomes of A&M's work include:

- A&M is providing insight, advice, and analysis on future rate redesign to support OPWDD in transforming the way it pays providers of ID/DD services:
 - Provided critical analytics on the fiscal and programmatic impacts that rate methodology changes have on the OPWDD and the Department of Health (DOH).
 - Redesigned a rate rationalization scenario model for Residential Habilitation, Day Habilitation, Institutional Care Facilities and Pre-Vocational services.
- A&M has developed a five-year historical and two-year projected budget workbook file for state run and privately run ID/DD facilities. This ensures that OPWDD can better monitor spending and the impacts of future rate changes.

Reference South Carolina – School District Efficiency Review (February 2017 – June 2017)

The South Carolina Department of Education engaged A&M to perform an administrative efficiency study of 82 underlying school districts in order to identify opportunities for increased efficiency in district level operations for: finance, human resources, procurement, transportation, and administrative overhead. A&M was asked to mobilize statewide and perform onsite assessments to inform district-level reports to each local school board of trustees and the state.

These assessments served the dual purpose of supporting each school district in identifying cost-savings opportunities possible through district-level changes, and providing state leadership guidance on opportunities for savings through shared services and other cooperative administration methods.

In this engagement, A&M:

- Led the efficiency study for all 82 school districts over the course of four months, conducting interviews with the leadership teams for each relevant department within each district, and identified areas for improvement in efficiency and effectiveness of operations.
- Collected and organized data, and built out an analytic dashboard that allowed for dynamic benchmarking against peer groups for key indicators. The analysis included administrative headcount, financial data, key performance indicators, and identified savings potential through rationalization.
- Identified opportunities for increased statewide efficiency, effectiveness and cost savings to taxpayers through recommendations, with a key focus on the transportation function that is run and funded at the state level.

The final report for the South Carolina Department of Education’s Efficiency Study contained recommendations and cost savings through modernization and collaboration with savings totaling approximately \$40 million across all 82 districts.

- For stand-alone savings, A&M recommended system upgrades for greater automation of operations, strategic sourcing and contract negotiation, and implementation of routing software in all districts.
- Overall, A&M recommended that most districts within the state strategically group together to form and run shared service models to realize the greatest efficiencies through increased economies of scale in the transactional operations for finance and human resources and greater buying power through centralized group purchasing.

CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT

This Confidentiality and Nondisclosure Agreement (“Agreement”) is entered into for the benefit of the State of Rhode Island (“State”) by the Office of Management and Budget and Alvarez & Marsal Public Sector Services, LLC (“A&M”) (collectively hereinafter “Contracting Parties”)

The Contracting Parties acknowledge that certain confidential and/or sensitive information and/or material may be disclosed in assisting the State with a potential engagement between the Contracting Parties to perform a State Government Efficiency Study. The State, in its discretion, will provide “Confidential Information,” as defined below, to A&M for the purpose of assisting the State with an efficiency review. (the “Purpose”).

NOW THEREFORE, in consideration of the above premises and the promises contained herein, the Contracting Parties agree as follows:

1. Whenever used in this Agreement, the term “Confidential Information” shall mean information that is disclosed by the State to A&M in connection with the Purpose, which may include: (i) information exempt from disclosure to the public or other unauthorized persons under either the Rhode Island General Laws or federal statutes; or (ii) information in any medium related to the government efficiency study; or (iii) any other information which the State has identified to A&M in writing as confidential at the time Confidential Information is provided to A&M or within thirty (30) days after such release; or (iv) information that would ordinarily be reasonably considered confidential or proprietary in the light of the circumstances surrounding its release to the A&M. Confidential Information may take the form of, but is not limited to, plans, calculations, charts, concepts, know-how, inventions, licensed technology, design sheets, design data, diagrams, system design, materials, hardware, manuals, drawings, processes, schematics, specifications, instructions, explanations, research, test procedures and results, equipment, identity and descriptions of components or materials used, any and all personal and/or confidential information pertaining to State employees and/or State personnel, including, but not necessarily limited to, any and all personal and/or confidential healthcare and/or health and/or medical data and/or any other similar and/or related personal and /or confidential information, pertaining to State employees and/or State personnel or any other material or information supplied by or on behalf of the State, or that is disclosed to or becomes known by the A&M as a result of its dealings with the State. Confidential Information may be in tangible or intangible form. The State’s failure to expressly identify Confidential Information as such shall not in any way lessen or negate A&M’s obligation to keep such information confidential in accordance with this Agreement.
2. Notwithstanding the foregoing, the term “Confidential Information,” shall not be construed to include information that (i) is or becomes readily available in public sources, records or documents, other than as a result of an inappropriate disclosure by A&M or other entity or persons acting on behalf of A&M, or (ii) can be documented

to have been known by A&M prior to its release to A&M by the State, (iii) is received through a third party without an obligation of confidentiality, (iv) does not contain Confidential Information owned by the State and is independently developed by A&M, or (v) is disclosed pursuant to applicable Rhode Island law and/or other state or federal law, judicial action or government regulations.

3. The Contracting Parties acknowledge that the Confidential Information is confidential and proprietary information and that its protection is essential to the security and mission of the State. The purpose of this agreement is to enable the State to make disclosure of the Confidential Information to A&M while still maintaining rights in and control over the Confidential Information. The purpose is also to preserve confidentiality of the Confidential Information and to prevent its unauthorized disclosure. It is understood that this agreement does not grant A&M an express or implied license or an option on a license, or any other rights to or interests in the Confidential Information other than any licensing provisions as defined in a contract and/or agreement between the State and A&M.
4. A&M shall require its employees, officers, independent contractors, and subcontractors, agents and any other entities acting on its behalf (collectively "Representatives") to:
 - (a) Copy, reproduce or use Confidential Information only for the purpose described herein and not for any other purpose unless specifically authorized to do so in writing by the State; and
 - (b) Not permit any other person to use or disclose the Confidential Information for any purpose other than those expressly authorized by this Agreement; and
 - (c) disclose such Confidential Information only to those of its Representatives who require knowledge of the same for the purpose described in herein; provided such Representatives are obligated to maintain the confidentiality of the Confidential Information and otherwise comply with the terms of this Agreement; and
 - (d) Implement physical, electronic and managerial safeguards to prevent unauthorized access to or use of Confidential Information, including without limitation, informing Representatives about the terms of this Agreement. Such restrictions will be at least as stringent as those applied by the A&M's own most valuable confidential and proprietary information.
5. The acts or omissions of A&M's Representatives with respect to obligations hereunder relating to the Confidential Information shall be deemed to be acts or omissions of A&M.
6. A&M will not remove, obscure or alter any confidentiality or trade secret notation from the Confidential Information without the State's prior written authorization.
7. Confidential Information will remain the exclusive property of the State unless as otherwise provided for in any agreement and/or the contract between the State and A&M; upon completion of the project and services as described in Section 1, or whenever requested by the State, A&M will promptly destroy or return to the State all Confidential Information and all copies thereof, including summaries, reports or notes based thereon, unless otherwise expressly authorized otherwise by the State in writing. Notwithstanding the foregoing, A&M will not be required to purge Confidential Information from its computer systems' backup media and A&M may retain, subject to its confidentiality

obligations contained herein and in perpetuity, one (1) copy of the State's documents and other information (including Confidential Information) and any report and materials that A&M prepares in connection with the Purpose, together with its work papers, for internal record keeping purposes, as necessary to evidence compliance with this Agreement or applicable law, rule or regulation or professional standards.

8. A&M agrees to defend, indemnify, and hold the State harmless from actual damages from losses (including reasonable attorney's fees) that results from its breach of this Agreement involving Confidential Information that constitutes personally identifiable information protected under applicable state and/or federal data privacy laws ("PII"). The State shall clearly identify any PII provided to A&M hereunder so that A&M can receive it in accordance with appropriate security protocols in respect thereto, and wherever possible the State shall 'de-identify' any PII prior to providing such information to A&M.
9. A&M agrees that the breach of the terms of this Agreement would cause irreparable damage to the State. The State has the right to seek an order to restrain the Parties from breaching this Agreement. The State shall have the right to commence any and all legal action, whether in law and/or in equity, the State determines is necessary and required pursuant to this Agreement, to include but is not necessarily limited to, any alleged violation of this Agreement by A&M and/or its Representatives. In no event shall A&M be liable for any indirect, special, consequential, incidental or exemplary damages or loss in connection with this Agreement.
10. This Agreement sets forth the entire agreement of the Contracting Parties with respect to the use and disclosure of the Confidential Information and may be modified only by a writing signed by the Parties. This Agreement will be construed and enforced in all respects in accordance with the laws of the State of Rhode Island. The Contracting Parties consent to the exclusive jurisdiction of the Superior Court of the State of Rhode Island and exclusive venue in Providence County, Providence, Rhode Island.
11. The Term of this Agreement shall terminate upon the sooner of (i) two years from the date hereof, or (ii) the execution of the contract entered into between the State and A&M for the Purpose or as otherwise provided for by the Contracting Parties in writing, provided, however, the obligations of confidentiality shall continue and survive this Agreement or any other written agreement entered into by the Parties. In the event of an express conflict between the terms of this Agreement and any definitive contract entered into between the State and A&M for the Purpose and related to anything other than non-disclosure of Confidential Information, the terms of such definitive contract shall apply

On behalf of Alvarez & Marsal Public Sector Services, LLC:

<i>Signature</i>

John W. Cox
<i>Print or Type Name</i>
Managing Director
<i>Title</i>

**STATE OF RHODE ISLAND
PROCUREMENT REGULATIONS**

APPENDIX A – GENERAL CONDITIONS OF PURCHASE



Amended regulations adopted June 20, 2011

Division of Purchases
Rhode Island Department of Administration
One Capitol Hill, Second Floor
Providence, Rhode Island 02908

Tel: (401) 574-8100

RECEIVED

(Signature) OCT 11 2011

RI SECRETARY OF STATE
ADMINISTRATIVE RECORDS

The following amended State of Rhode Island Procurement Regulations were adopted by me, as Director of the State of Rhode Island Department of Administration, on the _____ day of June 2011.

Richard A. Licht, Director
State of Rhode Island
Department of Administration
One Capitol Hill
Providence, Rhode Island 02908

Date of Public Notice: May 5, 2011
Date of Public Hearing: June 8, 2011
End of Comment Period: June 8, 2011

GENERAL CONDITIONS OF PURCHASE

All State Purchase Orders, Contracts, Solicitations, Delivery Orders and Service Requests shall incorporate and be subject to the provisions of Title 37 Chapter 2 of the General Laws of the State of Rhode Island, the Regulations adopted pursuant thereto, all other applicable provisions of the Rhode Island General Laws, specific requirements described in the Request or Contract, and the following General Conditions of Purchase:

1. GENERAL - All purchase orders, contracts, solicitations, delivery orders, and service requests are for specified goods and services, in accordance with express terms and conditions of purchase, as defined herein. For the purposes of this document, the terms "bidder" and "contractor" refer to any individual, firm, corporation, or other entity presenting a proposal indicating a desire to enter into contracts with the State, or with whom a contract is executed by the State's Purchasing Agent, and the term "contractor" shall have the same meaning as "vendor".

2. ENTIRE AGREEMENT - The State's Purchase Order, or other State contract endorsed by the State Office of Purchases, shall constitute the entire and exclusive agreement between the State and any contractor receiving an award. In the event any conflict between the bidder's standard terms of sale, these conditions or more specific provisions contained in the solicitation shall govern. All communication between the State and any contractor pertaining to any award or contract shall be accomplished in writing.

- **a.** Each proposal will be received with the understanding that the acceptance, in writing, by contract or Purchase Order by the Purchasing Agent of the offer to do work or to furnish any or all the materials, equipment, supplies or services described therein shall constitute a contract between the bidder and the State. This shall bind the bidder on his part to furnish and deliver at the prices and in accordance with the conditions of said accepted proposal and detailed specifications and the State on its part to order from such contractor (except in case of emergency) and to pay for at the agreed prices, all materials, equipment, supplies or services specified and delivered. A contract shall be deemed executory only to the extent of funds available for payment of the amounts shown on Purchase Orders issued by the State to the contractors.

- b.** No alterations or variations of the terms of the contract shall be valid or binding upon the State unless submitted in writing and accepted by the Purchasing Agent. All orders and changes thereof must emanate from the Office of Purchases: no oral agreement or arrangement made by a contractor with an agency or employee will be considered to be binding on the Purchasing Agent, and may be disregarded.

- c.** Contracts will remain in force for the contract period specified or until all articles or services ordered before date of termination shall have been

satisfactorily delivered or rendered and accepted and thereafter until all terms and conditions have been met, unless

1. terminated prior to expiration date by satisfactory delivery against orders of entire quantities, or
2. extended upon written authorization of the Purchasing Agent and accepted by the contractor, to permit ordering of the unordered balances or additional quantities at the contract price and in accordance with the contract terms, or
3. canceled by the State in accordance with other provisions stated herein.

• **d.** It is mutually understood and agreed that the contractor shall not assign, transfer, convey, sublet or otherwise dispose of this contract or his right, title or interest therein, or his power to execute such contract, to any other person, company or corporation, without the previous consent, in writing, of the Purchasing Agent.

e. If, subsequent to the submission of an offer or issuance of a purchase order or execution of a contract, the bidder or contractor shall merge with or be acquired by another entity, the contract may be terminated, except as a corporate resolution prepared by the contractor and the new entity ratifying acceptance of the original bid or contract terms, condition, and pricing is submitted to the Office of Purchases, and expressly accepted.

f. The contractor or bidder further warrants by submission of an offer or acceptance of a purchase order or other contract that he has no knowledge at the time of such action of any outstanding and delinquent or otherwise unsettled debt owed by him to the State, and agrees that later discovery by the Purchasing Agent that this warranty was given in spite of such knowledge, except where the matter is pending in hearing or from any appeal therefrom, shall form reasonable grounds for termination of the contract.

3. SUBCONTRACTS - No subcontracts or collateral agreements shall be permitted, except with the State's express consent. Upon request, contractors must submit to the Office of Purchases a list of all subcontractors to be employed in the performance of any Purchase Order or other contract arising from this Request.

4. RELATIONSHIP OF PARTIES - The contractor or bidder warrants, by submission of an offer or acceptance of a purchase order or other contract, that he is not an employee, agent, or servant of the State, and that he is fully qualified and capable in all material regards to provide the specified goods and services. Nothing herein shall be construed as creating any contractual relationship or obligation between the State and any sub-bidder, subcontractor, supplier, or employee of the contractor or offeror.

5. COSTS OF PREPARATION - All costs associated with the preparation, development, or submission of bids or other offers will be borne by the offeror. The State will not reimburse any offeror for such costs.

6. SPECIFIED QUANTITY REQUIREMENT - Except where expressly specified to the contrary, all solicitations and contracts are predicated on a specified quantity of goods or services, or for a specified level of funding.

- **a.** The State reserves the right to modify the quantity, scope of service, or funding of any contract, with no penalty or charge, by written notice to the contractor, except where alternate terms have been expressly made a part of contract.

- b.** The State shall not accept quantities in excess of the specified quantity except where the item is normally sold by weight (where sold by weight, the State will not accept quantities greater than ten per cent [10%] of the specified quantity), or where the Request or Contract provides for awards for other than exact quantities.

- c.** Purchase Orders or other contracts may be increased in quantity or extended in term without subsequent solicit with the mutual consent of the contractor and the State, where determined by the Purchasing Agent to be in the State's best interest.

7. TERM AND RENEWAL - Where offers have been requested or contracts awarded for terms exceeding periods of twelve (12) months, it is mutually understood and agreed that the State's commitment is limited to a base term not to exceed twelve (12) months, subject to renewal annually at the State's sole option for successive terms as otherwise described, except where expressly specified to the contrary. Purchase orders appearing to commit to obligations of funding or terms of performance may be executed for administrative convenience, but are otherwise subject to this provision, and in such cases the State's renewal shall be deemed to be automatic, conditional on the continued availability of appropriated funds for the purpose, except as written notice of the State's intent not to renew is served.

8. DELIVERY - Delivery must be made as ordered and in accordance with the proposal. If delivery qualifications do not appear on the bidder's proposal, it will be interpreted to mean that goods are in stock and that shipment will be made within seven (7) calendar days. The decision of the Purchasing Agent, as to reasonable compliance with the delivery terms, shall be final. Burden of proof of delay in receipt of order shall rest with the contractor. No delivery charges shall be added to invoices except when authorized on the Purchase Order.

9. FOREIGN CORPORATIONS - In accordance with Title 7 Chapter 1.1 of the General Laws of Rhode Island, no foreign corporation shall have the right to transact business in this state until it shall have procured a certificate of authority so to do from the Secretary of State.

10. PRICING - All pricing offered or extended to the State is considered to be firm and fixed unless expressly provided for to the contrary. All prices shall be quoted F.O.B. Destination with freight costs included in the unit cost to be paid by the State, except, where the Request or Contract permits, offers reflecting F.O.B. Shipping Point will be considered, and freight costs may then be prepaid and added to the invoice.

11. COLLUSION - Bidder or contractor warrants that he has not, directly or indirectly, entered into any agree participated in any collusion or otherwise taken any action in restraint of full competitive bidding. In special circumstances, an executed affidavit will be required as a part of the bid.

12. PROHIBITION AGAINST CONTINGENT FEES AND GRATUITIES - Bidder or contractor warrants that he has not paid, and agrees not to pay, any bonus, commission, fee, or gratuity to any employee or official of the State for the purpose of obtaining any contract or award issued by the State. Bidder or contractor further warrants that no commission or other payment has been or will be received from or paid to any third party contingent on the award of any contract by the State, except as shall have been expressly communicated to the State Purchasing Agent in writing prior to acceptance of the contract or award in question. Subsequent discovery by the State of non-compliance with these provisions shall constitute sufficient cause for immediate termination of all outstanding contracts and suspension or debarment of the bidder(s) or contractor(s) involved.

13. AWARDS - Awards will be made with reasonable promptness and by written notice to the successful bidder (only); bids are considered to be irrevocable for a period of sixty (60) days following the bid opening unless expressly provided for to the contrary in the Request, and may not be withdrawn during this period without the express permission of the Purchasing Agent.

- **a.** Awards shall be made to the bidder(s) whose offer(s) constitutes the lowest responsive price offer (or lowest responsive price offer on an evaluated basis) for the item(s) in question or for the Request as a whole, at the option of the State. The State reserves the right to determine those offers which are responsive to the Request, or which otherwise serve its best interests.

- b.** The State reserves the right, before making award, to initiate investigations as to whether or not the materials, equipment, supplies, qualifications or facilities offered by the bidder meet the requirements set forth in the proposal and specification, and are ample and sufficient to insure the proper performance of the contract in the event of award. If upon such examination it is found that the conditions of the proposal are not complied with or that articles or equipment proposed to be furnished do not meet the requirements called for, or that the qualifications or facilities are not satisfactory, the State may reject such a bid. It is distinctly understood, however, that nothing in the foregoing shall mean or imply that it is obligatory upon the State to make any examinations before awarding a contract; and it is further understood that if such examination is made, it in no

way relieves the contractor from fulfilling all requirements and conditions of the contract.

c. Qualified or conditional offers which impose limitations of the bidder's liability or modify the requirements of the bid, offers for alternate specifications, or which are made subject to different terms and conditions than those specified by the State may, at the option of the State, be

1. Rejected as being non-responsive, or
2. set aside in favor of the State's terms and conditions (with the consent of the bidder), or
3. accepted, where the State Purchasing Agent determines that such acceptance best serves the interests of the State.

• Acceptance or rejection of alternate or counter-offers by the State shall not constitute a precedent which shall be considered to be binding on successive solicitations or procurements.

d. Bids submitted in pencil, or which do not bear an original signature, in ink, by an owner or authorized agent thereof, will not be accepted.

e. Bids must be extended in the unit of measure specified in the Request. In the event of any discrepancy between unit prices and their extensions, the unit price will govern.

f. The Purchasing Agent reserves the right to determine the responsibility of any bidder for a particular procurement.

g. The Purchasing Agent reserves the right to reject any and all bids in whole or in part, to waive technical defects, irregularities, and omissions, and to give consideration to past performance of the offerors where, in his judgment the best interests of the State will be served by so doing.

h. The Purchasing Agent reserves the right to make awards by items, group of items or on the total low bid for all the items specified as indicated in the detailed specification, unless the bidder specifically indicates otherwise in his bid.

i. Preference may be given to bids on products raised or manufactured in the State, other things being equal.

j. The impact of discounted payment terms shall not be considered in evaluating responses to any Request.

k. The Purchasing Agent reserves the right to act in the State's best interests regarding awards caused by clerical errors by the Office of Purchases.

14. SUSPENSION AND DEBARMENT - The Purchasing Agent may suspend or debar any vendor or potential bidder, for good cause shown:

• a. A debarment or suspension against a part of a corporate entity constitutes debarment or suspension of all of its divisions and all other organizational elements, except where the action has been specifically limited in scope and application, and may include all known corporate affiliates of a contractor, when such offense or act occurred in connection with the affiliate's performance of duties for or on behalf of the contractor, or with the knowledge, approval, or acquiescence of the contractor or one or more of its principals or directors (or where the contractor otherwise participated in, knew of, or had reason to know of the acts).

b. The fraudulent, criminal or other serious improper conduct of any officer, director, shareholder, partner, employee, or any other individual associated with a contractor may be imputed to the contractor when the conduct occurred in connection with the individual's performance of duties for or on behalf of the contractor, or with the contractor's knowledge, approval or acquiescence. The contractor's acceptance of benefits derived from the conduct shall be evidence of such knowledge, approval, or acquiescence.

c. A vendor or contractor who knowingly engages as a subcontractor for a contract awarded by the State to a vendor or contractor then under a ruling of suspension or debarment by the State shall be subject to disallowance of cost, annulment or termination of award, issuance of a stop work order, or debarment or suspension, as may be judged to be appropriate by the State Purchasing Agent.

15. PUBLIC RECORDS - Contractors and bidders are advised that all documents, correspondence, and other submissions to the Office of Purchases may be accessible as public records, pursuant to Title 38, Chapter 2 of the General Laws, absent specific notice that portions of such submittals may contain confidential or proprietary information, such that public access to those items should be withheld, and except as otherwise provided for pursuant to RIGL 37-2-18 (a)-(h) "Competitive Sealed Bidding".

16. PRODUCT EVALUATION - In all specifications, the words "or equal" are understood after each article when manufacturer's name or catalog are referenced. If bidding on items other than those specified, the bidder must, in every instance, give the trade designation of the article, manufacturer's name and detailed specifications of the item the bidder proposes to furnish; otherwise, the bid will be construed as submitted on the identical commodity described in the detailed specifications. The Purchasing Agent reserves the right to determine whether or not the item submitted is the approved equal the detailed specifications.

- **a.** Any objections to specifications must be filed by a bidder, in writing, with the Purchasing Agent at least 96 hours before the time of bid opening to enable the Office of Purchases to properly investigate the objections.

- b.** All standards are minimum standards except as otherwise provided for in the Request or Contract.

- c.** Samples must be submitted to the Office of Purchases in accordance with the terms of the proposals and detailed specifications. Samples must be furnished free of charge and must be accompanied by descriptive memorandum invoices indicating whether or not the bidder desires their return and specifying the address to which they are to be returned (at the bidder's risk and expense), provided they have not been used or made useless by tests; and absent instructions, the samples shall be considered to be abandoned. Award samples may be held for comparison with deliveries.

- d.** All samples submitted are subject to test by any laboratory the State Purchasing Agent may designate.

17. PRODUCT ACCEPTANCE - All merchandise offered or otherwise provided shall be new, of prime manufacture, and of first quality unless otherwise specified by the State. The State reserves the right to reject all nonconforming goods, and to cause their return for credit or replacement, at the State's option. Contract deliverables specified for procurements of services shall be construed to be work products, and subject to the provisions of this section.

- **a.** Failure by the State to discover latent defect(s) or concealed damage or non-conformance shall not foreclose the State's right to subsequently reject the goods in question.

- b.** Formal or informal acceptance by the State of non-conforming goods shall not constitute a precedent for successive receipts or procurements.

- c.** Where the contractor fails to promptly cure the defect or replace the goods, the State reserves the right to cancel the Purchase Order, contract with a different contractor, and to invoice the original contractor for any differential in price over the original contract price.

- d.** When materials, equipment or supplies are rejected, the same must be removed by the contractor from the premises of the State Agency within forty-eight (48) hours of notification. Rejected items left longer than two days will be regarded as abandoned and the State shall have the right to dispose of them as its own property.

18. PRODUCT WARRANTIES - All product or service warranties normally offered by the contractor or bidder shall accrue to the State's benefit, in addition to any special

requirements which may be imposed by the State. Every unit delivered must be guaranteed against faulty material and workmanship for a period of one year unless otherwise specified, and the State may, in the event of failure, order its replacement, repair, or return for full credit, at its sole option.

19. PAYMENT - Unless otherwise provided for by the Request or Contract, payment shall not be made until delivery has been made, or services performed, in full, and accepted. Payment shall not be due prior to thirty (30) working days following the latest of completion, acceptance, or the rendering of a properly submitted invoice.

- **a.** Payment terms other than the foregoing may be rejected as being non-responsive..

- b.** No partial shipments will be accepted, unless provided for by the Request or Contract.

- c.** Where a question of quality is involved, payment in whole or part against which to charge back any adjustment required, shall be withheld at the direction of the Purchasing Agent. In the event a cash discount is stipulated, the withholding of payments, as herein described, will not deprive the State from taking such discount.

- d.** Payments for used portion of inferior delivery will be made by the State on an adjusted price basis.

- e.** Payments on contracts under architectural or engineering supervision must be accompanied by a Certificate of Payment and Statement of Account signed by the architect or engineer and submitted to the Agency involved for approval.

20. THIRD PARTY PAYMENTS - The State recognizes no assigned or collateral rights to any purchase agreement except as may be expressly provided for in the bid or contract documents, and will not accede to any request for third party or joint payment(s), except as provided for in specific orders by a court of competent jurisdiction, or by express written permission of the Purchasing Agent. Where an offer is contingent upon such payment(s), the offeror is obligated to serve affirmative notice in his bid submission.

21. SET-OFF AGAINST PAYMENTS - Payments due the contractor shall be subject to reduction by the State Controller equal to the amount of unpaid and delinquent state taxes (or other just debt owed to the State), except where notice of delinquency has not been served or while the matter is pending in hearing or from any appeal therefrom.

22. CLAIMS - Any claim against a contractor may be deducted by the State from any money due him in the same or other transactions. If no deduction is made in such fashion, the contractor shall pay the State the amount of such claim on demand. Submission of a voucher and payment, thereof, by the State shall not preclude the Purchasing Agent from

demanding a price adjustment in any case when the commodity delivered is later found to deviate from the specifications and proposal.

- a. The Purchasing Agent may assess dollar damages against a vendor or contractor determined to be non-performing or otherwise in default of their contractual obligations equal to the cost of remedy incurred by the State, and make payment of such damages a condition for consideration for any subsequent award. Failure by the vendor or contractor to pay such damages shall constitute just cause for disqualification and rejection, suspension, or debarment.

23. STATE CONTROLLER'S CERTIFICATION OF FUNDING - Certification as to the availability of funds to support the procurement for the current fiscal year ending June 30th only. Where delivery or service requirements extend beyond the end of the current fiscal year, such extensions are subject to both the availability of appropriated funds and a determination of continued need.

24. UNUSED BALANCES - Unless otherwise specified, all unused Blanket Order quantities and/or unexpended funds shall be automatically canceled on the expiration of the specified term. Similarly, for orders encompassing more than one State fiscal year, unexpended balances of funding allotted for an individual fiscal year may be liquidated at the close of that fiscal year, at the State's sole option.

25. MINORITY BUSINESS ENTERPRISES - Pursuant to the provisions of Title 37 Chapter 14.1 of the General Laws, the State reserves the right to apply additional consideration to offers, and to direct awards to bidders other than the responsive bid representing the lowest price where:

- a. the offer is fully responsive to the terms and conditions of the Request, and
- b. the price offer is determined to be within a competitive range (not to exceed 5% higher than the lowest responsive price offer) for the product or service, and
- c. the firm making the offer has been certified by the R.I. Department of Economic Development to be a small business concern meeting the criteria established to be considered a Minority Business Enterprise. Ten per cent [10%] of the dollar value of the work performed against contracts for construction exceeding \$5,000 shall be performed by Minority Business Enterprises where it has been determined that subcontract opportunities exist, and where certified Minority Business Enterprises are available. A contractor may count towards its MBE, DBE, or WBE goals 60% of its expenditures for materials and supplies required under a contract and obtained from an MBE, DBE, or WBE regular dealer, and 100% of such expenditures when obtained from an MBE, DBE, or WBE manufacturer. Awards of this type shall be subject to approval, by the Director of Administration, of a Subcontracting Plan submitted by the bidder receiving the award.

26. PREVAILING WAGE REQUIREMENT - In accordance with Title 37 Chapter 13 of the General Laws of Rhode Island, payment of the general prevailing rate of per diem wages and the general prevailing rate for regular, overtime and other working conditions existing in the locality for each craft, mechanic, teamster, or type of workman needed to execute this work is a requirement for both contractors and subcontractors for all public works.

27. EQUAL OPPORTUNITY COMPLIANCE, HANDICAPPED ACCESS AND AFFIRMATIVE ACTION - Contractors of the State are required to demonstrate the same commitment to equal opportunity as prevails under federal contracts controlled by Federal Executive Orders 11246, 11625, 11375 and 11830, and Title 28 Chapter 5.1 of the General Laws of Rhode Island. Affirmative action plans shall be submitted by the contractor for review by the State Equal Opportunity Office. A contractor's failure to abide by the rules, regulations, contract terms and compliance reporting provisions as established shall be grounds for forfeiture and penalties as shall be established, including but not limited to suspension.

28. DRUG-FREE WORKPLACE REQUIREMENT - In accordance with Executive Order No. 91-14, Contractors who do business with the State and their employees shall abide by the State's drug-free workplace policy and the contractor shall so attest by signing a certificate of compliance.

29. GOODS PRODUCED IN THE REPUBLIC OF SOUTH AFRICA - In accordance with Chapters 35-10-12 and 37-2-57 of the General Laws, goods which are known to be wholly produced in the Republic of South Africa may not be accepted for any procurement the State of Rhode Island; the offeror attests by his submission of a bid or offer, or acceptance of a purchase order or other contract, that these prohibitions do not apply to material or goods which form the basis for his offer or contract.

30. TAXES - The State of Rhode Island is exempt from payment of excise, transportation and sales tax imposed by the Federal or State Government. These taxes should not be included in the proposal price. Exemption Certificates will be furnished upon request.

31. INSURANCE - All construction contractors, independent tradesmen, or firms providing any type of maintenance, repair, or other type of service to be performed on state premises, buildings, or grounds are required to purchase and maintain coverage with a company or companies licensed to do business in the state as follows:

- **a. Comprehensive General Liability Insurance** -
 - 1) Bodily Injury \$1,000,000 each occurrence
 - \$1,000,000 annual aggregate
 - 2) Property Damage \$500,000 each occurrence
- \$500,000 annual aggregate
 - Independent Contractors
 - Contractual - including construction hold harmless and other types of contracts or agreements in effect for insured operations

- Completed Operations
- Personal Injury (with employee exclusion deleted)
- **b. Automobile Liability Insurance -**
- Combined Single Limit \$1,000,000 each occurrence
 - Bodily Injury
 - Property Damage, and in addition non-owned and/or hired vehicles and equipment
- **c. Workers' Compensation Insurance -**
- Coverage B \$100,000

The Purchasing Agent reserves the right to consider and accept alternate forms and plans of insurance or to require additional or more extensive coverage for any individual requirement. Successful bidders shall provide certificates of coverage, reflecting the State of Rhode Island as an additional insured, to the Office of Purchases, forty-eight (48) hours prior to the commencement of work, as a condition of award. Failure to comply with this provision shall result in rejection of the offeror's bid.

32. BID SURETY - When requested, a bidder must furnish a Bid Bond or Certified Check for 5% of his bid, or for the stated amount shown in the solicitation. Bid Bonds must be executed by a reliable Surety Company authorized to do business in the State of Rhode Island. Failure to provide Bid Surety with bid may be cause for rejection of bid. The Bid Surety of any three bidders in contention will be held until an award has been made according to the specifications of each proposal. All others will be returned by mail within 48 hours following the bid opening. Upon award of a contract, the remaining sureties will be returned by mail unless instructed to do otherwise.

33. PERFORMANCE AND LABOR AND PAYMENT BONDS – A performance bond and labor and payment bond of up to 100% of an award may be required by the Purchasing Agent. Bonds must meet the following requirements:

- **a. Corporation:** The Bond must be signed by an official of the corporation above his official title and the corporate seal must be affixed over his signature.
- **b. Firm or Partnership:** The Bond must be signed by all of the partners and must indicate that they are "Doing Business As (name of firm)."
- **c. Individual:** The Bond must be signed by the individual owning the business and indicate "Owner."
- **d.** The Surety Company executing the Bond must be licensed to do business in the State of Rhode Island or Bond must be countersigned by a company so licensed.
- **e.** The Bond must be signed by an official of the Surety Company and the corporate seal must be affixed over his signature.
- **f.** Signatures of two witnesses for both the principal and the Surety must appear on the Bond.
- **g.** A Power of Attorney for the official signing of the Bond for the Surety Company must be submitted with the Bond.

34. DEFAULT AND CANCELLATION - A contract may be canceled or annulled at the contractor's expense upon non-performance of contract, or breach, by the contractor,

of any of his obligations. Failure of contractor to cure such non-performance or breach within ten working days after the receipt of notice, shall be sufficient cause for the cancellation of the contract in question, the cancellation of all outstanding contracts or sub-contracts held by the contractor, and the suspension or debarment of the contractor from future procurements.

- **a.** Failure of a contractor to deliver or perform within the time specified, or within reasonable time as interpreted by the Purchasing Agent or failure to make replacement of rejected articles, when so requested, immediately or as directed by the Purchasing Agent, will cause the Purchasing Agent to purchase in the open market to replace those rejected or not delivered. The Purchasing Agent reserves the right to authorize immediate purchase in the open market against rejections on any contract when necessary. On all such purchases, the contractor, or his surety, agrees to promptly reimburse the State for excess costs occasioned by such default. Should the cost be less, the contractor shall have no claim to the difference.

- b.** A contractor who fails to commence within the time specified or complete an award made for repairs, alterations, construction, or any other service will be considered in default of contract. The Purchasing Agent may contract for completion of the work with another contractor and seek recourse from the defaulting contractor or his surety.

- c.** If contractor consistently fails to deliver quantities or otherwise perform as specified, the Purchasing Agent reserves the right to cancel the contract and purchase the balance in the open market at the contractor's expense.

35. INDEMNITY - The contractor guarantees:

- **a.** To save the State, its agents and employees, harmless from any liability imposed upon the State arising from the negligence, either active or passive, of the contractor, as well as for the use of any copyrighted or non-copyrighted composition, secret process, patented or unpatented invention, article or appliance furnished or used in the performance of the contract of which the contractor is not the patentee, assignee or licensee.

- b.** To pay for all permits, licenses and fees and give all notices and comply with all laws, ordinances, rules and regulations of the city or town in which the installation is to be made and of the State of Rhode Island.

- c.** That the equipment offered is standard new equipment, latest model of regular stock product with all parts regularly used with the type of equipment offered; also, that no attachment or part has been substituted or applied contrary to manufacturer's recommendations and standard practice.

36. CONTRACTOR'S OBLIGATIONS - In addition to the specific requirements of the contract, construction and building repair contractors bear the following standard responsibilities:

- **a.** To furnish adequate protection from damage for all work and to repair damages of any kind, for which he or his workmen are responsible, to the building or equipment, to his own work, or to the work of other contractors;

- b. To clear and remove all debris and rubbish resulting from his work from time to time, as directed or required, a completion of the work leave the premises in a neat unobstructed condition, broom clean, and in satisfactory order and repair;
- c. To store equipment, supplies, and material at the site only upon approval by the State, and at his own risk;
- d. To perform all work so as to cause the least inconvenience to the State, and with proper consideration for the rights of other contractors and workmen;
- e. To acquaint themselves with conditions to be found at the site, and to assume responsibility for the appropriate dispatching of equipment and supervision of his employees during the conduct of the work; and
- f. To ensure that his employees are instructed with respect to special regulations, policies, and procedures in effect for any State facility or site, and that they comply with such rules.

37. FORCE MAJEURE - All orders shall be filled by the contractor with reasonable promptness, but the contractor shall not be held responsible for any losses resulting if the fulfillment of the terms of the contract shall be delayed or prevented by wars, acts of public enemies, strikes, fires, floods, acts of God, or for any other acts not within the control of the contractor and which by the exercise of reasonable diligence, the contractor is unable to prevent.

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(14) OCT 11 2011

RI SECRETARY OF STATE
ADMINISTRATIVE RECORDS



Alvarez & Marsal Public Sector Services, LLC
 Washington Center
 1001 G Street, NW Suite 1100 West
 Washington, DC 20001
 Phone: +1 202 729 2100

INVOICE

State of Rhode Island
 Department of Administration Controller
 One Capitol Hill, 4th Floor
 Smith St
 Providence Rhode Island 02908

Invoice Date: January 22, 2018
 Invoice #: 813356-2018-01
 Period of Performance: 10/1/2017 - 12/31/2017
 Award Number: 3539341
 Vendor Number: 53703
 Requisition Number: 1529344

Project Title: Rhode Island Budget Efficiency

Pursuant to the original Purchase Order dated October 5, 2017 between State of Rhode Island and Providence Plantations and Alvarez & Marsal Public Sector Services, LLC, please find A&M's invoice for the period identified above based upon the fee schedule detailed below. Accordingly, Alvarez & Marsal requests to be paid in the amount of \$937,159.00. A&M is offering Rhode Island a prompt payment discount of \$46,857.95 for payment received in less than 30 days from date of valid receipt of this invoice.

Amount Due:	If paid on or before February 22, 2018	\$ 890,301.05
	If paid after February 22, 2018	\$ 937,159.00

Line	Description	Unit	Unit Price	Total Invoiced
1	APA-17632 FY18 CO-OP AGREEMENT - US COMMUNITIES - W/ ALVAREZ-MARSAL AGENCY, NTE \$937,159.00 Phase I	1	\$ 937,159.00	\$ 937,159.00
Total				\$ 937,159.00
Prompt Payment Discount				0.05% \$ 46,857.95
Discounted Total				\$ 890,301.05

I certify that this invoice is true and accurate

John W. Cox
 John Cox, Managing Director
 (202) 729-2125

Summary of Hours Invoiced

Employee	Labor Category	US Communities Labor Rate	Hours	Total Invoiced
Cox, John	Managing Director	\$ 501.05	75.5	\$ 37,829.28
Diaz, Benjamin	Managing Director	\$ 501.05	78.5	\$ 39,332.43
Fogarasi, Andre	Managing Director	\$ 501.05	30	\$ 15,031.50
Orsini, Ronald	Managing Director	\$ 501.05	91	\$ 45,595.55
Lane, John	Senior Director	\$ 441.40	104	\$ 45,905.60
Rust, John	Senior Director	\$ 441.40	230	\$ 101,522.00
Seiler, Wanda	Senior Director	\$ 441.40	221	\$ 97,549.40
Yao, Basilia	Senior Director	\$ 441.40	430	\$ 189,802.00
Stallard, Brendan	Director	\$ 399.65	434	\$ 173,448.10
Gordon, Sheena	Manager	\$ 334.03	170	\$ 56,785.10
Ginsberg, Robert	Senior Consultant	\$ 312.56	430	\$ 134,400.80
Total			2,294	\$ 937,201.75

Wire Instructions:

Bank: J.P. Morgan Chase
 ABA Number: 021000021
 Account Name: Alvarez & Marsal Public Sector Services
 Account Number: 957347901

Mall Payment To:

Alvarez & Marsal Public Sector Services, LLC
 600 Madison Ave., 8th Floor
 New York, NY 10022
 Attention: Liz Carrington

Please send EFT notification to: treasury@alvarezandmarsal.com
 Reference Invoice # 813356-2018-01