

# THE OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

## REQUEST FOR PROPOSALS FOR ACTUARIAL CONSULTING SERVICES

#515-15-105

The Board of Trustees of the Oklahoma Public Employees Retirement System (OPERS) and the Uniform Retirement System for Justices and Judges (URSJJ), jointly referred to as the “System,” is issuing this Request for Proposal to find a qualified firm to provide actuarial consulting services for both the OPERS and URSJJ plans. This RFP provides information on the System and establishes the specifications and requirements for submitting a proposal. The term “Vendor” as used in this Request for Proposals (RFP) shall mean the company submitting proposals for consideration.

OPERS reserves the right to reject any or all proposals submitted. There is no express or implied obligation for OPERS to reimburse Vendors for any expenses incurred in preparing proposals in response to this RFP. In the event that none of the proposals are satisfactory to OPERS, no selection will be made. Proposals submitted in response to the RFP become the property of OPERS and are subject to public inspection. OPERS reserves the right to modify the RFP contents and requirements at any time prior to the submission deadline.

This RFP is comprised of ten (10) sections and an Appendix, which contains twenty-one (21) pages total, as follows:

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This RFP can be found on the OPERS website at [www.opers.ok.gov](http://www.opers.ok.gov). If you are unable to download the document from the website, you can also obtain an electronic copy of this RFP through e-mail. Send your request to: [jharjo@opers.ok.gov](mailto:jharjo@opers.ok.gov). Include the name of the RFP and the proposal number in your request. All responses to this RFP must be submitted in accordance with the instructions contained in the RFP. Electronic responses to this RFP will not be considered.

Regardless of the manner in which the RFP document is received by the Vendor, the contents of the RFP may not be altered in any way. The Vendor’s Affidavit and all questions must be identically reproduced in the submitted proposal. Any alterations to the contents of the RFP document will be grounds for dismissal from consideration or termination of any resulting

contract. By submitting an RFP, it is agreed by the Vendor that any misleading or false information given may be grounds for rejection from consideration, and/or termination of any resulting contract whenever and however discovered.

# I. PROPOSAL COVER SHEET

(must be signed, notarized and returned)

Proposal Number	Agency Requisition No.	Proposal Deadline
515-15-105 (Actuarial Consulting Services)		must be rec'd by <b>4:30 p.m. CT</b> <b>December 12, 2014</b>

**Vendor Identification:**

Name of Firm:	_____
FEI #	_____
Address:	_____ _____
City/State/Zip Code:	_____
Telephone Number:	_____
Facsimile Number:	_____
Email of contact	_____

### VENDOR'S AFFIDAVIT

STATE OF \_\_\_\_\_ )  
 ) SS:  
 COUNTY OF \_\_\_\_\_ )

\_\_\_\_\_ (Print Name), of lawful age, being first duly sworn, on oath says that:

1. (S)he is the duly authorized agent of \_\_\_\_\_, the vendor submitting this proposal which is attached to this statement for the purpose of certifying the facts pertaining to the existence of collusion among vendors and between vendors and state officials or employees, as well as facts pertaining to the giving or offering of things of value to government personnel in return for special consideration in the letting of any contract pursuant to the proposal to which this statement is attached;
2. (S)he is fully aware of the facts and circumstances surrounding the making and submitting of this proposal and has been personally and directly involved in the proceedings leading to the submission of such proposals; and
3. Neither the vendor nor anyone subject to the vendor's direction or control has been a party: a) to any collusion among vendors in restraint of freedom of competition by agreement to propose a fixed price or to refrain from submitting a proposal; b) to any collusion with any state official or employee as to quantity, quality or price in the prospective contract, or as to any other term of such prospective contract; nor, c) in any discussions between vendors and any state official concerning exchange of money or any other thing of value for special consideration in the award of this prospective contract; d) to paying, giving or donating or agreeing to pay, give or donate to any officer or employee of the State of Oklahoma, any money or other thing of value, either directly or indirectly, in procuring this prospective contract.
4. The information contained in this proposal is true, correct and accurate as presented.

\_\_\_\_\_  
Name/Title

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_  
Notary Public

(seal)

My commission expires: \_\_\_\_\_

## II. MANDATORY REQUIREMENTS FOR SUBMITTING A PROPOSAL

A. Proposals must be received by the deadline only at the following address:

Oklahoma Public Employees Retirement System  
Actuarial Consulting Services Proposal  
ATTN: Jason Harjo  
5801 N. Broadway Ext., Suite 400  
Oklahoma City, Oklahoma 73118

B. The deadline for receipt of complete proposals is **4:30 p.m. Central Time, on December 12, 2014**. Proposals submitted to the incorrect address or location or received after this date and time will be rejected and will not be considered.

C. The Original Proposal must contain the Proposal Cover Sheet, fully completed, signed and notarized. The Vendor shall submit an original proposal, four (4) copies of the original, and two (2) electronic versions of the complete response on CDs in PDF format. The CDs must be clearly marked with the Vendor's name and proposal number.

The original proposal, the proposal cover sheet, four (4) copies and the CDs must be submitted together in one completely sealed package, box, or envelope. It must be clearly marked "Actuarial Consulting Services" on the outside face of the package containing the proposal in order that the receiving agent can identify it without opening the package.

D. Proposals may be either mailed or hand-delivered. If the proposal is sent by mail or express delivery service, the responding Vendor shall be responsible for actual delivery of the proposal to the proper address before the deadline. All timely proposals become the property of OPERS.

E. All proposals, once opened, are considered to be a public record and shall be available for viewing and reproduction by any person.

F. In submitting this proposal, the Vendor must agree to an audit which provides that books, records, documents, accounting procedures, practices or any other items of the service provider relevant to the proposal are subject to examination by the System, the Oklahoma State Auditor and Inspector, and the State Purchasing Director.

G. In an effort to clarify any issues in this RFP, OPERS will respond only to questions that are presented through e-mail. Questions should be submitted to Jason Harjo at [jharjo@opers.ok.gov](mailto:jharjo@opers.ok.gov). All questions and answers will be consolidated into a single Q&A document. All questions must be received by 5:00 p.m. CST on Friday, November 21, 2014. The Q&A document will be posted on the OPERS web site at [www.opers.ok.gov](http://www.opers.ok.gov) on or after Friday, December 5, 2014. This will be the only distribution method for the Q&A document.

H. It is the responsibility of the Vendor to ensure compliance with all requirements and deadlines. Proposals which are not in compliance with the RFP requirements may be rejected. All proposals will be reviewed to determine if they satisfy the mandatory criteria in this RFP. Proposals not satisfying the mandatory criteria will be rejected.

I. All costs of preparation and presentation associated with a response to this RFP will be the responsibility of the Vendor. Vendors may be asked to make a presentation before the Board if selected as a finalist.

J. The selection of actuarial consultants for the state retirement systems is specifically exempt from the competitive bidding procedures established by Oklahoma Statutes (see Title 74 Oklahoma Statutes §85.7). The Board of Trustees of OPERS and URSJJ reserves the right to request additional information from any Vendor and to accept or reject any proposal without specifying the reason for its actions. The Board reserves the right to request additional proposals. Further, the Board specifically reserves the right to renegotiate for lower fees at any time with any Vendor.

K. The Board reserves the right to award all, part, or none of this contract.

L. The Vendor shall be bound by the information and representations contained in any proposal submitted. The proposal is deemed to be a binding offer on the part of the Vendor.

M. Submission of a proposal in response to this RFP evidences the Vendor's acceptance of the terms and conditions contained within the RFP.

N. OPERS prohibits the payment of a finder's fee in any form. The Vendor must certify that no finder's fee or finder's commission has been paid or shall be paid to any individual or organization from the establishment of this investment relationship with OPERS.

O. All Vendors must:

1. Agree that any resulting contract and services will be subject to and interpreted by Oklahoma law.
2. Agree that this RFP and the Vendor's response will be incorporated by reference to any resulting agreement.
3. **Answer, to the best of its abilities, all questions in this RFP in the order presented. Do not add appendices to the end of the RFP unless specifically asked to do so.**
4. Fully disclose any proposed subcontracting of any of the required services.

### III. BACKGROUND

#### A. Legal Authorization

The Board of Trustees of the Oklahoma Public Employees Retirement System is charged with the administration and investment of retirement funds for public employees. The Board is authorized to select qualified actuaries pursuant to 74 Oklahoma Statutes §908. The Board is required to select an actuary to conduct annual valuations of the retirement plans and to conduct experience studies at least every three (3) years. The Board publishes prescribed annual reports each year pursuant to 74 Oklahoma Statutes §909.1 and 20 Oklahoma Statutes §1108. Service purchases are made at actuarial cost pursuant to 74 Oklahoma Statutes §913.5 and 20 Oklahoma Statutes §1103G.

## B. Board Composition

OPERS/URSJJ is administered by a Board of Trustees composed of 13 members including a member of the Corporation Commission, the State Insurance Commissioner, the Director of the Office of Management and Enterprise Services, the Administrator of Human Capital Management of the Office of Management and Enterprise Services, a member of the State Tax Commission, three members appointed by the Governor, one member appointed by the Supreme Court, two members appointed by the Speaker of the House of Representatives, and two members appointed by the President Pro Tempore of the State Senate.

## C. Support Services

The System has an authorized staff of 63 employees. The Executive Director is the chief administrative officer of the System.

## D. The OPERS Plan Membership and Benefit Structure Information

The OPERS Plan is a qualified governmental defined benefit plan established under Internal Revenue Code Section 401(a) and 74 Oklahoma Statutes §§901 et seq. OPERS administers a retirement plan for Oklahoma state and local government employees. Its membership includes all state employees and elected officials (with a few limited exceptions that may be covered under one of the other state retirement systems), and all county employees and county elected officials in the state except Tulsa and Oklahoma counties. In addition, there are several cities, towns, public hospitals, public trusts, and local governmental entities that participate in the OPERS Plan. The membership in the OPERS plan includes approximately 43,000 active employees, 5,600 inactive vested members, and 31,000 retired members or beneficiaries/joint annuitants.

The OPERS Plan is funded by mandatory employer and employee contributions. For state employees, the contribution rates are set by law at 3.5%. The employer contribution rate is currently 16.5%. County and local government employees make an employee contribution of 3.5% to 8.5% and the employer contribution is currently 10.5% to 15.5%. The actual county or local contribution rates may vary from employer to employer; however, the total contribution rate must currently equal 20%. The OPERS Plan benefit structure for state, county and local employees is based upon a formula which includes years of service, final average compensation calculated from the highest thirty-six (36) months of the last ten (10) years of participation, and a multiplier of 2% for each year of service. For members hired after July 1, 2013, the final average compensation is the average of the sixty highest months of compensation earned within the last ten years of participating service.

For elected officials, participation is made by a one-time irrevocable election. The contribution amount set by law for the member ranges from 4.5% to 10% with the employer contribution set at 16.5%. Elected officials elected or appointed on or after November 1, 2010, but before November 1, 2011, are limited to selecting either the 4.5% or 10% contribution rate. Those elected on or after November 1, 2011, contribute 3.5%.

The benefit structure for elected officials is based upon a formula which includes years of service, the highest annual compensation received as an elected official, and a multiplier of 1.9% to 4% (depending upon the contribution rate elected and only if elected prior to November 1, 2011) for each year of service.

For hazardous duty members, the employee contribution amount set by law is 8% with the employer contribution set at 16.5%. The benefit structure is based upon a formula which includes years of service as a hazardous duty member, the final average compensation, and a multiplier of 2.5% for each year of service as a hazardous duty member.

The OPERS Plan allows certain purchases of service credit at actuarial cost and allows the repayment of withdrawn service at the refunded employee contribution amount plus payment of 10% interest. There are also limited portability provisions between the OPERS Plan and the Teachers' Retirement System of Oklahoma.

Recent legislation closed the plan to most new state employees effective November 1, 2015. The OPERS plan will continue to add membership within certain employer categories, but overall membership is expected to decline over time.

#### E. URSJJ Membership and Benefit Structure Information

URSJJ is a qualified governmental defined benefit plan established under Internal Revenue Code Section 401(a) and 20 OS §§1101 et seq. The OPERS Board of Trustees administers the URSJJ retirement plan for Oklahoma Justices and Judges. Its membership includes any justice of the Supreme Court of Oklahoma, any judge of the Court of Criminal Appeals, the Court of Civil Appeals, and the District Courts. URSJJ membership includes approximately 274 active employees and 235 retired members or surviving spouses.

URSJJ is funded by mandatory employer and employee contributions. The contribution rates are set by law at 8% for employees and are currently 14.5% for the employer. The employer contribution amount will continue to increase every year until 2019 when it will top out at 22.0%. The URSJJ benefit structure is based upon a formula which includes years of service, average monthly compensation based upon the highest 36 months of participation, and a multiplier of 4% for each year of service.

#### F. Reports

The State of Oklahoma and the System operates on a July 1st to June 30th fiscal year. Additional information regarding the System, including copies of the June 30, 2014, *Comprehensive Annual Financial Reports* and the July 1, 2014, *Actuarial Valuation Reports* for both plans and other information is available on the OPERS website at [www.opers.ok.gov](http://www.opers.ok.gov).

G. Data

Participant data for the annual actuarial valuations is generally available during the first full week of August following the June 30th fiscal year end of the OPERS and URSJJ Plans. The participant data will be made available in a format mutually agreed upon by OPERS and vendor.

**IV. TIMELINE**

The following timeline is an estimate and may be adjusted at OPERS' discretion any time during this procurement process.

<b>TASK</b>	<b>DATE</b>
Distribution of RFP	November 3, 2014
Deadline for questions submitted by email	November 21, 2014
Date for answers to be posted on OPERS website	December 5, 2014
Proposals due (no later than 4:30 p.m. Central Time)	December 12, 2014
Finalist presentations (if necessary)	January 15, 2015
Award business (subject to contract negotiation)	January 15, 2015
Estimated contract start date	July 1, 2015

**V. COMMUNICATION WITH OPERS**

In an effort to clarify any issues in this RFP, OPERS will respond only to questions that are presented as described in Section II.G above. Telephone questions will not be accepted.

OPERS policy prohibits direct contact between prospective service providers and OPERS Board members, consultants, or staff during this RFP process. This does not include communication with any of OPERS' incumbent service providers for normal business not related to this selection process. From the date of release of this RFP until a Vendor is selected and a contract is executed and approved, all contacts and communications regarding this RFP are restricted to the Q&A process. Exceptions include communications with OPERS staff during negotiations, presentations, and contract award and execution. Violation of these conditions may result in rejection of a Vendor's proposal.

All Vendors who have submitted a proposal will be notified of the Board's decision after the final selection has been made. This notice of final selection may be the only communication between the System and the Vendors. Telephone or other inquiries concerning this proposal after the proposal deadline are discouraged.

## **VI. MINIMUM QUALIFICATIONS OF THE ACTUARIAL FIRM**

The Vendor must meet all of the following minimum qualifications. Failure to meet the minimum qualifications described in this RFP may result in the rejection of the proposal. The Vendor shall certify that the firm, the primary or principal actuary performing the work, and any secondary or supporting actuary who may assist the primary actuary, meet the minimum qualifications.

- A. The Vendor must be a professional actuarial service firm whose primary line of business includes providing actuarial valuation, experience analysis, actuarial audits, and pension consulting services to public pension plans or similar entities of substantial size.
- B. The Vendor must have been in existence as a business entity performing such services for a minimum of five (5) years.
- C. The Vendor must have all necessary permits and licenses. Liability as well as errors and omissions insurance must be in full force at the time the proposal is submitted and must be maintained throughout the term of the contract.
- D. The Vendor must provide its own work facilities, equipment, supplies, and support staff to perform the required services.
- E. The Vendor must have at least three (3) current public pension clients, each with at least 50,000 members, retirees and joint annuitants in total.
- F. The primary actuary assigned to the account must be a Fellow of the Society of Actuaries and an Enrolled Actuary, and must have at least eight (8) years of experience providing pension consulting services, experience analysis, and valuation assignments for public retirement systems with memberships of at least 50,000 members, retirees and joint annuitants.
- G. All secondary actuaries performing services under this contract must be Fellows of the Society of Actuaries or Enrolled Actuaries, and must have at least five (5) years of actuarial pension consulting experience.
- H. All actuaries performing the work must meet the professional qualification standards of the American Academy of Actuaries.

## **VII. STATEMENT OF NEEDS**

The Vendor shall provide actuarial and consulting services for OPERS in support of OPERS' legal, management, and reporting requirements. Some services must be performed periodically (usually annually), and others must be performed on an ad-hoc basis. The Vendor will be required to perform all periodic services according to a schedule mutually agreed upon by OPERS and the Vendor, and all unscheduled services as required by OPERS.

Please indicate your ability to meet the requirements specified below.

Required actuarial and consulting services shall include, but are not limited to, the following:

### **A. Annual Actuarial Valuation and Other Annual Services**

1. The Vendor shall complete an annual actuarial valuation of the retirement plans' assets and liabilities for both plans (OPERS and URSJJ), commencing with the fiscal year ending June 30, 2016.
2. Each actuarial valuation report shall include a summary of principal financial results for each plan (OPERS and URSJJ) and specified major groups within the OPERS plan (e.g., elected officials and hazardous duty employees) including actuarial contribution rates (normal and accrued liability), recommended statutory contribution rates, actuarial value of assets, actuarial liabilities, membership demographics, and detailed gain/loss analysis.
3. Each actuarial valuation report shall include the accounting information and schedules required to comply with Governmental Accounting Standards Board (GASB) standards and guidance. The report shall be in a format that may be incorporated into the retirement system's Comprehensive Annual Financial Reports.
4. The valuations shall be based on annual data for each fiscal year, with final results contained in one report for each plan (OPERS and URSJJ) submitted to the Board of Trustees by the fourth Thursday of October following the fiscal year end. Drafts of these reports must be delivered to the staff by the last Friday of September. The draft and final reports must be delivered in electronic format and hard copy.
5. Each valuation report shall contain sufficient explanatory text to provide a reasonable understanding of the actuarial assumptions, methods, trends and conclusions to individuals with a fiduciary responsibility for the funding status of the retirement plans.
6. As appropriate, the valuation report shall contain comments and recommendations concerning the retirement plans' actuarial condition and funding progress.

7. Both retirement plans' most recent actuarial valuation reports for fiscal year ended June 30, 2014, may be found on our web site at [www.opers.ok.gov](http://www.opers.ok.gov). Prospective bidders are encouraged to review these reports.
8. Each valuation report must contain an addendum or separate report containing specific statutory assumptions (see 74 Oklahoma Statutes, §909.1(H)) in addition to the report with the Board's assumptions.
9. Each year the actuary must assist OPERS in the preparation of correspondence to certain state leaders containing the required employer contribution rate of each plan. The correspondence must be delivered by OPERS to the officials no later than November 1 of each year.
10. The actuary must also prepare a separate letter and appropriate schedules to be included in each plans' Comprehensive Annual Financial Report (CAFR) to comply with GASB 67 and 68 and/or any other applicable pronouncements.
11. The firm must calculate the annual cash flows necessary to pay the medical premium subsidy paid by the OPERS Plan and URSJJ. This must be done so that the information can be presented to and acted on by the Board at its meeting in July of each year.
12. The firm must provide or update a variety of spreadsheets, charts, and analyses, such as the following:
- a. OPERS spreadsheets to calculate actuarial cost for purchase of:
    - Delinquent service credit (erroneously missing participation)
    - Permissive governmental service
    - Incentive service credit (air time)
    - Incentive age credit (to reach eligibility level)

The spreadsheets listed in *a* above are required if certain legislative changes are made which affect eligibility for retirement or change the benefit calculations structure, or if the assumed earned interest rate changes, or if the mortality tables change. Different spreadsheet versions to allow calculations for different member categories (regular, elected officials, hazardous duty) are required.

  - b. URSJJ spreadsheets to calculate actuarial cost for purchase of permissive governmental service.
  - c. IRC 415(b) Benefit Limitation Chart for screening of benefit calculations for OPERS.

- d. Deferred Annuity Factors for OPERS.
- e. Deferred Annuity Factors for URSJJ.
- f. Option Factors for reduction to benefits for Joint & Survivor 50%, Joint & Survivor 100%, and Ten Year Certain survivor plans for OPERS.
- g. Option Factors for reduction to benefits for Joint & Survivor 50%, and Joint & Survivor 100% for URSJJ.
- h. Spreadsheet for calculation of present value of a member's benefit for OPERS.

#### B. Triennial Experience Study

The Vendor shall complete an experience study of the OPERS and URSJJ Plans every three (3) years. The Vendor must provide a letter to OPERS with any necessary commentary for proposed assumption changes or other matters related to the experience of the plans.

1. The Vendor shall investigate and analyze the demographic and economic experience of the OPERS and URSJJ Plans during the defined period. The first triennial experience study will cover the period from July 1, 2013 to June 30, 2016 and shall be completed by May 1, 2017.
2. The Vendor's written report of each experience study must include, but is not limited to, recommendations for the basic actuarial assumptions to be used in the annual actuarial valuations and the determination of actuarial factors to be used in administering the OPERS Plan and URSJJ.
3. Following completion of each experience study, the Vendor shall present the results to the OPERS Board of Trustees. This on-site meeting, required once every three years, will be in addition to those discussed in paragraph *E* below.
4. OPERS' most recent experience study for period beginning July 1, 2010 and ending June 30, 2013, is available at [www.opers.ok.gov](http://www.opers.ok.gov) (see Appendix).

#### C. Fiscal Impact of Proposed Legislation

When legislation that may affect the retirement plans' funding or benefits is introduced, OPERS staff may be called on to produce fiscal impact statements to state budget and legislative officials. The Vendor shall be responsible for providing timely estimates of the fiscal impact of such legislation to OPERS staff upon request.

1. The Vendor's fiscal impact estimates shall be made available to OPERS staff no later than three (3) business days from the date of such request

unless an alternative schedule has been mutually agreed upon by OPERS staff and the Vendor.

2. Fee proposals should assume preparation of an average of three (3) to five (5) fiscal impact estimates per contract year.

#### D. Special Studies for Benefit Proposals

OPERS may occasionally request that the Vendor review certain benefit proposals and perform actuarial calculations related to these proposals.

1. The Vendor must have resources available to provide these non-recurring services in a timely manner as requested by OPERS.
2. Fee proposals should assume analysis of an average of one (1) or two (2) benefit proposals per contract year.

#### E. Board of Trustees' Consultation, Education and Meetings

The Vendor serves as a technical advisor on actuarial issues to the Board of Trustees and should be available as outlined below.

1. The Vendor should be prepared to attend a minimum of three (3) on-site meetings with the Board of Trustees or staff per contract year to give presentations and/or respond to questions, including one (1) meeting to review the annual actuarial valuations.
2. The Vendor is expected to inform the Board of Trustees and the Executive Director of developments in the retirement industry and the potential impact on the retirement plans' funding and benefit structure. This should include current trends and recent developments within the actuarial profession as related to public defined benefit retirement plans.
3. The Vendor's primary actuary assigned to OPERS and any actuary that makes a presentation to the Board must have the ability to discuss actuarial theory and other actuarial or pension subjects in layperson's terms.

#### F. Pension Oversight and Legislative Meetings

The Oklahoma State Pension Commission is a statutory oversight committee for the OPERS and URSJJ plans. In addition, there are standing retirement committees in the Senate and House of Representatives of the Oklahoma Legislature. The Vendor is expected to cooperate with the Pension Commission, Legislature and legislative staff members and provide requested information at the request of OPERS.

While rare, the Vendor must be available to attend a minimum of one (1) on-site Pension

Commission or legislative meeting per contract year to make presentations, provide testimony, and/or respond to questions.

#### G. General Consulting Services

These services may include, but are not limited to, interpretation or information concerning actuarial issues and actuarial principles, federal legislation, benefit provisions (including service purchases), mortality tables, and present value factors and calculations.

1. From time to time the Vendor is expected to prepare various actuarial operating tables and factors that may be required for operation of the retirement plans.
2. The Vendor will be required to support OPERS' triennial asset/liability study by providing information and attributes about System liabilities, communication with the investment consultant responsible for modeling the plans' liabilities for the study, and general commentary and support as requested. Fees for these services should be included in the base fee for services outlined in this RFP
3. The Vendor shall routinely consult with OPERS' Executive Director and designated staff regarding actuarial, fiscal, legal, and regulatory issues that may affect the retirement plans.

#### H. Analytical Tools and Projection Models

The Vendor shall develop and deliver an interactive simulation model for OPERS' use based on the most recent actuarial valuation results and current plan provisions for the OPERS and URSJJ plans.

1. The model must project actuarial and statutory contribution rates, asset and liability measures, and unfunded actuarial liabilities.
2. The model must allow OPERS' staff to make projections based on, but not limited to, alternative levels of investment returns, alternative plan designs, amortization periods, and future payroll growth.

#### I. Additional Services

1. Occasionally, the Vendor may be expected to provide additional consulting services, assist with other technical issues, or contribute to reports that are not specifically listed in Section VII, *Statement of Needs*.
2. These additional services must be performed on an as-needed basis according to a schedule of fees which is to be contained in this proposal.
3. The total fee for each project under this section will be negotiated with the

Vendor on an as-needed basis.

J. Miscellaneous

The Vendor shall make available at least one actuary as the primary staff contact and a different actuary as a secondary staff contact to which OPERS may direct questions and seek assistance as needed. The primary and secondary consulting actuaries should be readily accessible to OPERS designated staff by telephone or email within one (1) working day.

**VIII. GENERAL TERMS AND CONDITIONS**

A. Applicable Laws and Courts

This solicitation and any resulting contract shall be governed in all respects by the laws of the State of Oklahoma, and any litigation with respect thereto shall be brought in the District Court of Oklahoma County, Oklahoma. The Vendor shall comply with all applicable federal, state and local laws, rules and regulations.

B. Ethics in Public Contracting

By submitting bids or proposals, Vendors certify that their bids/proposals are made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other Vendor, supplier, manufacturer or subcontractor in connection with their bid/proposal. Vendors must further certify that they have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of value, in exchange for procuring this contract.

C. Qualifications of Vendors

OPERS may make such reasonable investigations as deemed proper and necessary to determine the ability of the Vendor to perform the services/furnish the goods, and the Vendor shall furnish to OPERS all such information and data for this purpose as may be requested. OPERS reserves the right to make a site visit at the offices of the Vendor prior to award to satisfy questions regarding the Vendor's capabilities. OPERS further reserves the right to reject any proposal if the evidence submitted by, or investigations of, such Vendor show that the Vendor is not properly qualified to carry out the obligations of the contract and to provide the services and/or furnish the goods contemplated therein.

D. Business Continuity

The Vendor must indicate any recent or anticipated changes in its corporate structure such as mergers, acquisitions, new venture capital, stock issue, etc. The Vendor agrees to present to OPERS a business continuation plan for this program in the event of natural or other disaster.

E. Assignment of Contract

A contract shall not be assignable by the Vendor in whole or in part without the written consent of OPERS.

F. Confidentiality

The Vendor is expected to comply with provisions of Oklahoma statutes regarding confidentiality of membership data and agrees not to disclose confidential membership information to other parties without OPERS' prior authorization and approval.

G. Period of Contract

It is anticipated that the initial contract shall be for a one-year period commencing on July 1, 2015, through June 30, 2016. Thereafter, the contract may be renewed by the Board annually for four (4) additional one-year contract periods. The Board of Trustees reserves the right to terminate the contract upon 30 days' notice, with or without cause. In addition, the contract may be renewed for an additional one (1) year periods upon the mutual agreement of the Board and Vendor on terms as may be negotiated by the parties.

H. Ownership of Data and Work Product

There is a presumption that all work product generated for OPERS under this contract, as well as all data compiled by the Vendor while performing this contract, shall become the sole property of OPERS. OPERS must be given reasonable access to all such work product or data compiled by the Vendor in the performance of this contract.

I. Limitation of Liability, Hold Harmless Clauses & Indemnity

The State of Oklahoma and its agencies are prohibited from holding a private entity harmless from liability or providing indemnity to a private entity. OPERS will not agree to limiting the liability of a private Vendor. The contract between the successful Vendor and OPERS will not have any such terms.

## IX. QUESTIONNAIRE

This questionnaire consists of several sections that correspond to the broad criteria that will be used to assess responses. If you reprint the questions, you must provide your answers following each question in the order below. Include any assumptions or clarifying information as part of your response.

Respond to each question in the order presented.

### A. Organization, Structure and Personnel

1. Provide the name and address of your company's primary headquarters and the name and address of the office that will service this account.
2. Provide the primary RFP contact's name, address, title, telephone number, fax number and email address. Provide brief biographies including title, function, academic credentials, actuarial credentials, public sector experience and other relevant experience for all primary and back-up personnel proposed for this account.
3. Give a brief history of your firm's involvement in the actuarial consulting business, including the year of organization, current and historical ownership structure, and affiliations.
4. Describe any material changes to the company during the previous five years, including changes in ownership structure, account personnel, business focus or objective, etc. Are ownership or senior management changes planned or anticipated at this time?
5. How many years has your firm provided actuarial consulting services to public sector pension plans?
6. What do you consider to be your firm's consulting specialties, strengths and limitations?
7. What services, if any, does your firm offer clients in addition to actuarial consulting services? Please indicate the percentage of total income that such services represent for your firm.
8. Provide details on the financial condition of your firm. Provide your most recent audited financial reports (as Appendix A in your response). Also provide any additional information necessary to demonstrate the financial stability of your firm.
9. During the past five years, has your organization or any of its affiliates, parent or predecessor organizations or any officer or principal of your

organization been involved in any business litigation, regulatory or legal proceedings? If yes, provide a brief explanation of the matter including the parties to the litigation, and indicate the current status of the proceedings.

10. During the past five years, has your organization or any of its affiliates, parent or predecessor organizations or any officer or principal of your organization been the subject of an audit, inquiry, or administrative action by the SEC, IRS, U.S. Justice Department, or state regulatory body? If yes, provide a brief explanation of the matter including the parties to the litigation, and indicate the current status of the proceedings.

11. Describe your firm's backup procedures should any key personnel leave the firm. How would these procedures apply to professionals assigned to the OPERS account?

12. Describe your firm's level of coverage for errors and omissions insurance and any fiduciary or professional liability insurance carried by your firm. Is the coverage on a per client basis, or is the dollar figure applied to the firm as a whole?

13. Provide an organizational chart of your firm, including a corporate affiliation chart if the firm is owned or controlled by another entity.

**B. Actuarial Services & Resources**

14. What standard services does your firm typically provide to its public pension full service actuarial consulting clients? Include descriptions of any research or other technical resources (including on-line databases and computer-based analytical tools) that you routinely make available to your clients.

15. Describe the services that distinguish your firm from your competitors. Briefly explain why your firm is the most qualified for this engagement.

16. Describe your firm's philosophy relating to the actuarial consultant's relationship with trustees and staff.

17. How does your firm inform clients of relevant pending changes in federal legislation or IRS rules and regulations?

18. Describe your firm's internal quality control processes for actuarial consultants' reports and recommendations. How are these services monitored and reviewed?

19. Have your firm's actuarial consulting service products been audited by another actuarial firm within the last five years? If so, indicate the number of audits and whether any resulted in revisions to your clients' annual valuation

results, actuarial assumptions or actuarial cost methods.

20. Has your firm been retained by any clients to perform an audit of another actuarial consulting firm’s work during the last five years? If so, indicate the number of such engagements performed by your firm and approximate completion dates.

21. Does your firm use internal or external legal expertise, or both? If external, state its source and nature.

22. Describe the training, education, or client conferences that your firm would provide to OPERS’ trustees and staff as it relates to pension funding principles and actuarial concepts.

23. Describe any software, applications, and training your firm would provide to OPERS’ staff for modeling various funding variables and alternatives.

24. How does your firm monitor and measure actuarial client satisfaction?

25. List references for three public pension funds for which the primary consultant and principal assistant to be assigned to the OPERS account have provided actuarial consulting services. For each reference, include client name, address, telephone number, and name of contact person.

26. Provide a sample of your company’s actuarial valuation reports.

27. Describe your firm’s disaster recovery plan, including information regarding when it was last tested and how data and documents are stored and protected.

C. References and Client Base

28. Complete the table below, reporting only those client relationships with “full service” actuarial consulting similar to this mandate.

Type of Clients	Total Number as of December 31				
	2009	2010	2011	2012	2013
Total actuarial consulting clients					
Pension plan actuarial consulting clients					
Public pension plan actuarial consulting clients					

29. Indicate the number of client relationships the proposed primary and secondary actuaries is currently involved in managing.

30. How many actuarial services accounts has your firm lost in each of the last five years? List each terminated client and indicate the reason(s) each account was lost.

31. Identify (by name) your firm's five largest client relationships (based on membership).

32. Would your firm propose to use any subcontracts in the provision of the required services? If yes, describe the specific services that would be subcontracted, the name of the subcontractor, and how you would control the quality of services provided.

**X. FEES AND FEE STRUCTURE**

The Vendor's fee proposal must include the total fees for general actuarial duties, valuations, consultation and advisory services, as detailed in Section VII, *Statement of Needs*, to be performed during the five-year contract period. There will be no additional reimbursement for travel, communications, computer charges, or other expenses incidental to the contract. The total fee must be all inclusive with fees for specified items identified separately. The fee proposal should have a flat annual fee for each year of the five-year contract. A separate flat fee shall be listed for the Triennial Experience studies. Vendors must then indicate hourly rates of compensation for any additional services requested by OPERS. Varying rates for named individual actuaries is permitted.

Use the Table Below:

**Annual Fee for Actuarial Services**

Year 1:	\$
Year 2:	\$
Year 3:	\$
Year 4:	\$
Year 5:	\$

**Fee for the Triennial Experience Study**

Completed on Year 3: (for period 7/1/13 to 6/30/16 – due 5/1/17)	\$
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**Hourly Rates (may vary with organizational function)**

On projects exceeding ten (10) fiscal impact estimates and three (3) benefit proposals per fiscal year

## **ADDITIONAL INFORMATION**

### **OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM REQUEST FOR PROPOSALS – ACTUARIAL CONSULTING SERVICES**

The following documents can be found at [www.opers.ok.gov](http://www.opers.ok.gov) by clicking on the “Publications” tab:

OPERS & URSJJ Comprehensive Annual Financial Reports for the year ended June 30, 2014.

OPERS & URSJJ Valuation Reports for fiscal year ended June 30, 2014.

OPERS Experience Study Report for period beginning July 1, 2010 and ending June 30, 2013.