

**THE OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM**

**REQUEST FOR PROPOSALS  
FOR ACTUARIAL AUDIT SERVICES**

**#515-22-100**

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 an independent actuarial audit of its current actuarial consultant 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 sixteen (16) pages total, as follows:

Section		Page #
I.	Proposal Cover Sheet (to be returned with Proposal)	3
II.	Mandatory Requirements for Submitting a Proposal	4
III.	Background	5
IV.	Timeline	8
V.	Communication with OPERS	8
VI.	Minimum Qualifications of the Actuarial Firm	8
VII.	Statement of Needs	9
VIII.	General Terms and Conditions	10
IX.	Questionnaire	12
X.	Fee and Fee Structure	14
Appendix	Additional Information	16

This RFP can be found on the OPERS website at <http://www.opers.ok.gov/actuarialaudit-rfp>. If you are unable to download the document from the website, you can also obtain an electronic copy of this RFP through email. Send your request to: [llundy@opers.ok.gov](mailto:llundy@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.

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
515-22-100 (Actuarial Audit Services)		must be rec'd by <b>4:30 p.m. CT</b> <b>March 15, 2022</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:

- (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;
- (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
- 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.
- 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. Only digital responses will be accepted. Proposals must be received by the deadline by following the instructions located at:

<http://www.opers.ok.gov/actuarialaudit-rfp>

B. The deadline for receipt of complete proposals is **4:30 p.m.** Central Time, on **March 15, 2022**. Proposals submitted in any other method, or proposals 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. Instructions on how to access the secure Dropbox folder along with instructions for uploading proposals can be found at <http://www.opers.ok.gov/actuarialaudit-rfp>.

D. 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 email. Questions should be submitted to Lindsie Lundy at [llundy@opers.ok.gov](mailto:llundy@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 Tuesday, February 15, 2022. The Q&A document will be posted on the OPERS web site at <http://www.opers.ok.gov/actuarialaudit-rfp> on or after Tuesday, March 1, 2022. 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 74 O. S. § 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 O. S. § 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 O. S. § 909.1 and 20 O. S. § 1108. Service purchases are made at actuarial cost pursuant to 74 O. S. § 913.5 and 20 O. S. § 1103G.

#### B. Board Composition

OPERS/URSJJ is administered by a Board of Trustees composed of 14 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, the State Treasurer, 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

The OPERS Plan is a qualified governmental defined benefit plan established under Internal Revenue Code Section § 401(a) and 74 O. S. § 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 32,000 active employees, 6,100 inactive vested members, and 36,000 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 11.5% to 16.5%. The actual county or local contribution rates may vary from employer to employer, however, the total contribution rate must currently equal 20%.

Due to recent legislation, all state employees hired after November 1, 2015, except hazardous duty, district attorneys, assistant district attorneys and their staff, now participate in a newly established defined contribution plan. They no longer participate in the OPERS defined benefit plan unless they had previous service with an OPERS participating employer. OPERS continues to accept new members from non-state participating employers (counties, towns, municipalities, etc.), but overall membership is expected to decline over time.

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 (the highest sixty (60) months of the last ten (10) years of participation for members hired after July 1, 2013) and a multiplier of 2% for each year of service.

E. URSJJ Membership

URSJJ is a qualified governmental defined benefit plan established under I. R. C. § 401(a) and 20 O.S. § 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 264 active employees and 306 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 22% for the employer. 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, 2021, *Comprehensive Annual Financial Reports* and the July 1, 2021, *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

The Vendor selected will be provided the same data that was provided to the current actuarial consultant to prepare their most recent valuations.

#### **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	February 1, 2022
Deadline for questions submitted by email	February 15, 2022
Date for answers to be posted on OPERS' website	March 1, 2022
Proposals due (no later than 4:30 p.m. Central Time)	March 15, 2022
Contract award	April 21, 2022
Draft report date	July 21, 2022
Final report date	August 1, 2022
Present findings to OPERS Board of Trustees if requested	August 18, 2022

#### **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 an independent actuarial audit, evaluation and review of the actuarial services provided to OPERS/URSJJ by its current actuarial consultant. The audit will review the most recent actuarial valuations and experience study for OPERS in support of OPERS' legal, management, and reporting requirements.

Please indicate your ability to meet the requirements specified below.

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

- A. Actuarial Audit Services
  - 1. Determination of whether the actuarial methods, considerations and analyses used by the current actuarial consultant in preparing the most recent actuarial valuation are reasonable and consistent with generally accepted actuarial standards and practices as promulgated by the Actuarial Standards Board; are appropriate for OPERS' and URSJJ's structure and

funding objectives; and are in compliance with Governmental Accounting Standards (GASB) reporting and disclosure requirements.

This determination will include:

- a) An in-depth review and analysis of the valuation results, including an evaluation of the data used for reasonableness and consistency as well as a review of mathematical calculations for completeness and accuracy.
  - b) Verification that all appropriate benefits have been valued and are accurate.
  - c) Verification that the data provided by OPERS is consistent with data used by the current actuarial consultant.
  - d) Evaluation of the actuarial cost method and actuarial asset valuation method in use and an opinion on the reasonableness of those methods.
  - e) Verification of the reasonableness of the calculation of the unfunded actuarial accrued liability and the amortization period.
  - f) A full replication of the June 30, 2021 actuarial valuations.
  - g) Evaluation of the appropriateness of the actuarial assumptions and review of the assumptions and methodology for compliance with generally recognized and accepted actuarial principles and practices.
  - h) An in-depth review of the most recent Experience Study Report for accuracy and reasonableness of the results and recommendations
2. An opinion as to whether the current actuarial consultant's reports conform to appropriate Standards of Practice as promulgated by the Actuarial Standards Board and is comprehensive. Any recommendations for improvement in the report presentation should be included.
- B. Deliverables – The comprehensive audit described above will result in a final

written report containing the findings and conclusions of the auditing actuary. The Vendor may be requested to make a formal presentation of the findings to the OPERS Board of Trustees on July 21, 2022.

## **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 contract shall be solely for the one-time performance of the audit and will not extend beyond the completion of the timeline agreed to above. The Board of Trustees reserves the right to terminate the contract upon 30 days' notice, with or without cause.

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 and 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 audit 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 audit services to public sector pension plans?

6. What services, if any, does your firm offer clients in addition to actuarial consulting and audit services? Please indicate the percentage of total income that such services represent for your firm.

7. 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.

8. 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.

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 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.

10. 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?

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

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

**B. References and Client Base**

1. Complete the table below, reporting only those client relationships with actuarial audit services similar to this mandate.

Type of Clients	Total Number as of December 31				
	2017	2018	2019	2020	2021
Total actuarial audit clients					
Pension plan actuarial audit clients					
Public pension plan actuarial audit clients					

2. Indicate the number of client relationships the proposed primary and secondary actuaries is currently involved in managing.
3. 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.
4. Identify (by name) your firm’s five largest client relationships (based on membership).
5. 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 actuarial audit services, as detailed in Section VII, *Statement of Needs*, to be performed during the 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.

Use the Table Below:

1	Total estimated hours to complete audit	-
2	Hourly rate	<u>\$ -</u>
3	Projected cost (1 x 2)	\$ -
4	Out-of-pocket expenses, including travel	<u>\$ -</u>
5	Total project cost including expenses (3 + 4)	<u><u>\$ -</u></u>

## **ADDITIONAL INFORMATION**

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

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

OPERS and URSJJ Annual Comprehensive Financial Reports for the year ended June 30, 2021.

OPERS and URSJJ Valuation Reports for fiscal year ended June 30, 2021.

OPERS Experience Study Report for period beginning July 1, 2016 and ending June 30, 2019.