

Actuarial and Consulting Services Request for Proposal

Questions and Answers

September 2022



Orange County Employees Retirement System (OCERS)

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Question	Response
1. What is the current annual retainer fee for your actuarial work?	OCERS does not pay a retainer fee to our current actuary
2. Please provide the additional non-retainer actuarial fees for the past three years.	See Attachment A, below.
3. In addition to the May and June meetings for the valuation results, what meetings does the actuary usually attend?	Typically, the actuary presents the Risk Report and Illustrations of future contribution rates in July. OCERS will also ask the actuary to present on current relevant topics at the Board's Strategic Planning meeting held in September. The triennial study is presented in the fall.
4. When is the December 31 census data typically available?	OCERS sends the membership census data to the actuary the last business day of February.
5. What is the desired delivery date for the GASB 67 and 68 reports?	Both GASB 67 and GASB 68 reports are due late May (May 24, 2022).
6. Would OCERS be willing to accept a bid with lower insurance amounts? Specifically, will OCERS accept \$1M per occurrence, \$2M aggregate in commercial liability, \$5M umbrella liability insurance, and waive the Fidelity insurance requirement?	OCERS is open to reviewing insurance policies in place with the winning candidate.
7. Can you provide the historical fees charged by the current actuary	Please see questions #1 and #2 above.
8. We have noted that some of the insurance requirements differ substantially from prior requirements and from that required as a part of similar contracts with other systems, and what insurance brokers have told us are "standard amounts," in particular the requirements for Commercial General Liability, Umbrella Liability and Fidelity Insurance. Would it be possible to meet the insurance requirements at a level of \$1M per occurrence for Commercial General Liability, Umbrella Liability of \$5M per occurrence and in aggregate, and \$0.5M in Fidelity Insurance, in particular, if the amount of Professional Liability insurance vastly exceeds the minimum requirements (\$20M in aggregate)?	Please see the response to question #6 above.
9. Is it possible to receive a copy of the winning proposal (i.e., Segal's proposal) from the last time a similar RFP was issued?	Responses to previous Requests for Proposal may be requested of OCERS under the California Public Records Act (CPRA). OCERS

will respond to any such request in accordance with the CPRA.

<p>10. Please provide a breakdown of all actuarial-related fees by project type over the last 5 years.</p>	<p>See Attachment A, below.</p>
<p>11. Recognizing that every service provider has a limitation of liability, will OCERS give fair and equal consideration to proposals from providers that use a clearly stated, negotiated contractual limit of liability known by the sponsor with the negotiated limit being waived in the event of gross negligence or willful misconduct? (This approach is different from an unstated, non-negotiated limit of liability unknown by the sponsor equal to the claimant's share of the value of the provider's assets in the event of bankruptcy,)</p>	<p>As stated in Section 11 of the RFP, if a respondent objects to any term set forth in the OCERS Services Agreement (Exhibit D to the RFP) or wishes to modify or add terms to the OCERS Services Agreement, the proposal must (1) identify each objection; (2) propose language for each modification and additional term sought; and (3) provide the rationale for each objection, modification, or addition.</p> <p>OCERS will fairly consider and evaluate proposals that propose the modification or addition of terms to the OCERS Services Agreement and provide the rationale for the modification or addition."</p>
<p>12. According to the Exhibit B, Minimum Qualifications Certification of the RFP, "The Primary Actuary performing the work must be a Fellow of the Society of Actuaries and an Enrolled Actuary." Would it be acceptable to fill this role with an Associate of the Society of Actuaries, who is also a, Enrolled Actuary, member of the American Academy of Actuaries, and has 30 years of experience working with public retirement systems, including over 20 years working with 1937 Act systems? This individual consults to a number of public systems, including three with over \$40 billion in assets.</p>	<p>A proposal will not be rejected for being "non-responsive" in this situation. However, when evaluating proposals per Section 8 of the RFP the following will be considered:</p> <p>"Quality of the team proposed to provide services to OCERS, including staffing depth, relevant experience, and actuarial professional qualifications, credentials, designations, and certifications of team members."</p>
<p>13. Section 3.2 of the RFP indicates minimum professional liability insurance requirements of \$2 million per occurrence and \$3 million in aggregate. Given its size and complexity, does OCERS have different and higher preferred levels of demonstrated insurance coverage from its provider? If so, please indicate those preferred levels.</p>	<p>OCERS is open to reviewing insurance policies in place with the winning candidate.</p>
<p>14. Section 8.8 of the RFP indicates that "other factors OCERS determines to be relevant" can be used to evaluate proposals in addition to</p>	<p>Yes</p>

the other seven criteria articulated in Section 8. Would a) a provider having operations in Orange County, and/or b) having some of the work under the RFP being performed in Orange County-based staff be taken into consideration as relevant in evaluation of proposals?

- 15.** Item 3 of Exhibit C in the RFP states that “no extra charges or expenses will be paid by OCERS”. To ensure comparability between proposals, can you please indicate if a) reasonable and customary travel expenses to attend meetings can be submitted in addition to fees indicated in the proposal, or b) travel-related expenses should be “loaded in” to submitted fee proposals?
- Reasonable and customary travel expenses that are consistent with OCERS Travel Policy to attend meetings can be submitted for reimbursement in addition to fees indicated in the proposal.

- 16.** Under the contract in place for the current provider of the requested services, are reasonable and customary travel expenses reimbursed separately by OCERS, or are they “loaded in” to the contract’s overall fee structure?
- Travel expenses are eligible for reimbursement under the current contract for consulting actuarial services.

Exhibit A

	Actuarial Fees by Year				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Valuation	78,000.00	80,000.00	82,000.00	84,000.00	86,000.00
Triennial Experience Report			55,000.00		
Gasb 67	15,000.00	15,000.00	15,500.00	16,000.00	16,500.00
Gasb 68	34,000.00	36,000.00	37,000.00	38,000.00	39,000.00
Other Consulting and Reimbursements	268,963.00	104,617.00	225,660.00	136,671.00	87,760.00
Total	<u>395,963.00</u>	<u>235,617.00</u>	<u>415,160.00</u>	<u>274,671.00</u>	<u>229,260.00</u>