

Actuarial and Consulting Services

Request for Proposal

August 2022

Orange County Employees Retirement System (OCERS)

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Section 1: Introduction

The Orange County Employees Retirement System (“OCERS”) is requesting proposals from qualified firms interested in providing Consulting Actuary services.

Questions about this RFP must be submitted in writing by **5:00 p.m., PDT, August 26, 2022**, to Jim Doezie, Contracts, Risk & Performance Administrator, by email at jdoezie@ocers.org

Those who wish to be considered must submit their completed proposal by **5:00 p.m., PDT, September 16, 2022**. Specific instructions for proposal submissions are contained in Section 7 of this RFP.

Section 2: Background

OCERS was established in 1945 under the provisions of the County Employees Retirement Law of 1937, and provides members with retirement, disability, death, and cost-of-living benefits. There are approximately 49,000 members served by OCERS, of which over 19,000 are retirees. OCERS is governed by a nine-member Board of Retirement (“Board”) which has plenary authority and fiduciary responsibility for investment of moneys and administration of the retirement system. OCERS has over ninety employees. The Board appoints a Chief Executive Officer who is responsible for the management of the agency. For additional information about OCERS, please refer to the OCERS website at ocers.org.

Section 3: Scope of Services

The detailed scope of services for this engagement is outlined in the attached Exhibit “B” (“Scope of Services”). The primary objectives are to provide OCERS with actuarial services and actuarial advice to the OCERS Board of Retirement and OCERS Staff.

The firm selected for this engagement will be expected to meet requirements that include, but are not limited to, the following:

1. The firm must have all necessary permits and licenses to perform the requested services and must be bonded where applicable.
2. Minimum insurance coverage must include the following items, and proof of such insurance must be provided to OCERS prior to the commencement of work, on an annual basis, and upon request:
 - Commercial General Liability: \$2M per occurrence, \$2M aggregate
 - Automobile Liability: \$1M per occurrence, \$2M aggregate
 - Workers Compensation: \$1M per occurrence, \$1M aggregate
 - Umbrella Liability: \$8M per occurrence, \$8M aggregate
 - *Professional Liability*: \$2M per occurrence, \$3M aggregate
 - *Cyber Security Insurance*: \$2M per occurrence, \$5M aggregate
 - *Fidelity Insurance*: \$5M per occurrence

OCERS must be listed as an additional insured on the above policies.

3. The firm shall provide all personnel, equipment, tools, materials, vehicles, supervision, and other items and services necessary to perform all services, tasks, and functions as requested in this RFP.
4. The initial term of the contract awarded pursuant to this RFP will be for a three-year period, with OCERS retaining the option to renew the contract, on an annual basis, for up to an additional three (3) years.
5. All work under the contract awarded shall be performed and all equipment furnished or installed in accordance with applicable safety codes, ordinances, and other regulations, including the regulations of the State of California, Division of Industrial Safety and the provisions of the California Labor Code, the Occupational Safety and Health Act of 1970, the California Occupational Health and Safety Act.
6. **Minimum Qualifications**
All respondents are required to sign and return the "Minimum Qualifications Certification," attached as Exhibit "B."

Section 4: General Conditions

All terms, conditions, requirements, and procedures included in this RFP must be met for a proposal to be qualified. A proposal that fails to meet any material term, condition, requirement, or procedure of this RFP may be disqualified. OCERS reserves the right to waive or permit cure of non-material errors or omissions. OCERS reserves the right to modify, amend, or cancel the terms of this RFP at any time.

OCERS may modify this RFP prior to the date fixed for submission of a proposal by posting, mailing, emailing or faxing an addendum to the respondents known to be interested in submitting a proposal. Failure of a respondent to receive or acknowledge receipt of any addendum shall not relieve the respondent of the responsibility for complying with the terms thereof.

A respondent's proposal shall constitute an irrevocable offer for the 120 days following the deadline for submission of proposals. Reference to a certain number of days in this RFP shall mean business days unless otherwise specified.

All proposals submitted in response to this RFP will become the exclusive property of OCERS. Proposals will not be returned to respondents.

By submitting a proposal, the respondent acknowledges that it has read this RFP, understands it, and agrees to be bound by its requirements unless clearly and specifically noted in the proposal submitted.

Section 5: Point of Contact

A quiet period will be in effect from the date of issuance of this RFP until announcement of the selection of a firm or firms under this RFP. During the quiet period, respondents are not permitted to communicate with any OCERS staff member or Board Member regarding this RFP except through the Point of Contact named herein. Respondents violating this quiet period may be disqualified at OCERS'

discretion. Respondents having current business with OCERS must limit their communications to the subject of such business.

OCERS' normal business hours of operations are from 08:00 a.m. to 5:00 p.m. Monday through Friday, except for federal and state holidays.

The Point of Contact for all matters relating to this RFP is:

Name:	Jim Doezie
Title:	Contracts, Risk & Performance Administrator
Address:	OCERS 2223 E Wellington Ave., Suite 100 Santa Ana, CA 92701
Telephone:	(714) 569-4884
Email:	jdoezie@ocers.org
OCERS Website:	www.OCERS.org
Status:	See the OCERS website for status of the RFP and announcements. These items can also be found here: http://www.ocers.org/rfp/requestforproposal.htm

Section 6: Response to Request for Proposal

Proposals must be submitted to the Point of Contact identified in Section 5 and delivered by the due date and time stated below in the RFP Schedule.

OCERS will accept electronic, paper, or both types of submissions. Proposals may be submitted electronically in Microsoft Word or Adobe Acrobat PDF format to the email address noted in Section 5. Submission may also be made by mailing two paper copies to the mailing address noted in Section 5.

RFP Schedule

The following timetable constitutes a tentative schedule for this RFP process. OCERS reserves the right to modify this schedule at any time.

Deliverable	Date	Time
Release of RFP	August 15, 2022	5:00 p.m. PDT
RFP Questions Deadline	August 26, 2022	5:00 p.m. PDT
RFP Answers Posted	September 2, 2022	5:00 p.m. PDT
RFP Submission Deadline	September 16, 2022	5:00 p.m. PDT
OCERS Review of RFP Submissions	September 19 to October 7, 2022	
Selection of Finalists	October 10, 2022	
Interviews of Finalists with Board of Retirement	October 17, 2022	
Contract Award	To be determined	

Section 7: Proposal Requirements

Proposals must include the following information:

1. The “Minimum Qualifications Certification,” attached as Exhibit “B.”
2. The “Proposal Cover Page and Check List,” attached as Exhibit “C.”
3. An executive summary that provides the respondent’s background, experience, and other qualifications to provide the services included in the Scope of Services.
4. A description of the respondent including:
 - a. Brief history, including year the respondent firm was formed.
 - b. Ownership structure.
 - c. Office locations. Indicate which office will be primarily responsible for servicing OCERS account
 - d. Organization charts
 - i. One the diagrams the ownership of the firm and any interrelationships between the parent-subsidiary, affiliate and joint venture entities and indicates the number of employees
 - ii. One that depicts the structure of the actuarial consulting group an identifies the key personnel and other people that will be involved in providing service to OCERS. Indicate the total number of actuaries employed by the firm

- e. Annual revenues of the firm, percentage of firm’s revenue from actuarial consulting services.
- f. Scope of services offered.
- g. Respondent’s specialties, strengths, and limitations.
- h. Relevant Experience:
 - i. Complete the table below, reporting only those client relationships with similar “full service” actuarial consulting services

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

- ii. For all current public pension plan clients, state the client’s name, the first year of your initial contract with the plan, and their asset and membership size as of their most recent valuation date. Designate which of the clients are multi-employer plans
 - iii. List of full-service actuarial consulting clients that terminated their contract or significantly/materially reduced their business relationship with your firm in the last five years. Include the client’s name, size (number of pension plan members and annuitants), date of contract termination, and reason(s) for contract termination or reduced scope.
 - iv. Within the last five years, has your firm been notified by any actuarial consulting services client that your firm is in default of its contracts, or that conditions exist endangering continuation of that contract? If so, state the client’s name, year the notice was received, reason(s) for the notice, and resolution or current status of the relationship.
 - v. Have your firm’s actuarial consulting services products been audited by another actuarial firm within the last five years? If so, state the number of such audits, name of auditing firm and whether any resulted in revisions to your clients’ annual valuation results, actuarial assumptions, or actuarial cost methods.
5. Actuarial Staffing Proposal. Include the names, title, office location and qualifications of fully trained and qualified staff that will be assigned to OCERS work, including a detailed profile/biography/resume of each person identified. Describe what role each person identified will play in providing the required OCERS’ services
 6. Turnover in key professional personnel in each of the last five years. Indicate the number of people lost and/or hired in the following areas: (1) actuaries (2) key technical personnel
 7. Methodology and Approach for serving Public Pension Clients

- i. Describe your understanding of the scope and level of services required by this RFP (See Exhibit A) and provide a description of the specific methodology to be used for providing the scope of services. Include a discussion of OCERS complexity and how your firm will ensure all data required to account for all levels of plan benefits offered are accurately accounted for in the annual valuations and triennial study. In your response please also discuss the data that your firm will be requested of OCERS and the format and method of delivery of such data requests that your firm can accommodate.
 - ii. Provide a timeline for completion of the work identified in Exhibit A of this RFP. Include proposed dates for each key stage or event of the project, indicate dates by which your firm must have specific input data from OCERS and indicate points in the project when your firm would plan to meet with OCERS staff. Include a summary of the information which will be needed to complete the investigation and annual valuations. Specify the format and medium of transmission of data.
 - iii. Describe the firm's theory and methodology used in recommending an appropriate actuarial cost method for a public pension fund.
 - iv. Describe the firm's theory and methodology for development of actuarial assumptions (except for the interest rate assumption, which should be addressed separately). Specifically address your firm's perspective on mortality assumptions, the use or nonuse of generational mortality tables and benefited weighted mortality tables.
 - v. Describe the methodology you use to formulate a recommendation for a pension fund's actuarial interest rate assumption. How may this methodology vary from client to client?
 - vi. Describe your firm's approach to recommendations regarding the amortization of unfunded liabilities.
 - vii. Describe your firm's approach to measuring funded status and funding progress in order to facilitate the assessment of trends over several valuations of a client.
 - viii. Describe the capabilities of your valuation system(s) and your computer system support.
 - ix. Describe the firm's quality control processes for actuarial valuation reports and recommendations. How are these services monitored and reviewed?
 - x. Provide as an appendix to your proposal a sample of your firm's actuarial valuation report for funding purposes.
 - xi. Provide as an appendix to your proposal a sample of your firm's actuarial valuation report for reporting purposes (both GASB 67 & GASB 68).
8. At least three (3) references for which the respondent has provided services similar to those included in the Scope of Services. Please include for each reference the individual point of contact, a summary of the work performed, and the length of time the respondent provided each service.

9. Copies of any pertinent licenses required to deliver respondent's product or service (e.g., business license).
10. A detailed transition plan that explains the transfer from the incumbent to the selected firm.
11. Pricing Proposal – include an explanation of the pricing proposal for the scope of work including pricing of fees and costs, billing practices, and payment terms that would apply. OCERS does not place any limits on the approach to pricing and is open to presentation of more than one pricing alternative for the scope of work, or portions of it. This section of the response should include an explanation as to how the pricing approach(es) will be managed to provide the best value to OCERS. The respondent should represent that the pricing offered to OCERS is, and will remain, equivalent to or better than that provided to other public pension fund or institutional investor clients, or should provide an explanation as to why this representation cannot be provided. All pricing proposals should be "best and final," although OCERS reserves the right to negotiate on pricing.
12. An explanation of all actual or potential conflicts of interest that the respondent may have in contracting with OCERS.
13. A description of all past, pending, or threatened litigation, including malpractice claims, administrative, state ethics, disciplinary proceedings, and other claims against respondent and/or any of the individuals proposed to provide services to OCERS.
14. Any other information that the respondent deems relevant to OCERS' selection process.

Section 8: Evaluation Criteria

Responses will be evaluated based upon the following:

1. Experience and reputation of the respondent.
2. 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.
3. Pricing and value.
4. Delivery and payment terms.
5. Compliance with technical standards contained in this RFP.
6. The organization, completeness, and quality of the proposal.
7. Information provided by references.
8. Other factors OCERS determines to be relevant.

The factors will be considered as a whole, without a specific weighting.

OCERS may require one or more interviews with or personal presentations by finalists to be conducted with staff, Board Members, and/or the entire Board of Retirement.

If the information in the proposal is deemed to be insufficient for evaluation, OCERS may request additional information or reject the proposal outright at OCERS' sole discretion. False, incomplete, or unresponsive statements in connection with a proposal may result in rejection of the proposal.

Section 9: Non-Discrimination Requirement

By submitting a proposal, the respondent represents that it and its subsidiaries do not and will not discriminate against any employee or applicant for employment on the basis of race, religion, color, national origin, ethnic group identification, mental disability, physical disability, medical condition, genetic information, marital status, ancestry, sex, gender, sexual orientation, gender identity, gender expression, age, or military and veteran status.

Section 10: Notice Regarding the California Public Records Act and the Brown Act

The information submitted in response to this RFP will be subject to public disclosure pursuant to the California Public Records Act (California Government Code Section 6250, et. seq., the "Act"). The Act provides generally that all records relating to a public agency's business are open to public inspection and copying unless specifically exempted under one of several exemptions set forth in the Act. If a respondent believes any portion of its proposal is exempt from public disclosure or discussion under the Act, the respondent must provide a full explanation and mark such portion "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY," and make it readily separable from the balance of the response. Proposals marked "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY" in their entirety will not be honored, and OCERS will not deny public disclosure of all or any portion of proposals so marked.

By submitting a proposal with material marked "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY," a respondent represents it has a good faith belief that the material is exempt from disclosure under the Act; however, such designations will not necessarily be conclusive, and a respondent may be required to justify in writing why such material should not be disclosed by OCERS under the Act. Fee and pricing proposals are not considered "TRADE SECRET," "CONFIDENTIAL," or "PROPRIETARY".

If OCERS receives a request pursuant to the Act for materials that a respondent has marked "TRADE SECRET," "CONFIDENTIAL," or "PROPRIETARY," and if OCERS agrees that the material requested is not subject to disclosure under the Act, OCERS will either notify the respondent so that it can seek a protective order at its own cost and expense, or OCERS will deny disclosure of those materials. OCERS will not be held liable, however, for inadvertent disclosure of such materials, data, and information or for disclosure of such materials if deemed appropriate in OCERS' sole discretion. OCERS retains the right to disclose all information provided by a respondent.

If OCERS denies public disclosure of any materials designated as "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY", the respondent agrees to reimburse OCERS for, and to indemnify, defend and hold harmless OCERS, its Boards, officers, fiduciaries, employees, and agents from and against:

1. Any and all claims, damages, losses, liabilities, suits, judgments, fines, penalties, costs, and expenses, including, without limitation, attorneys' fees, expenses, and court costs of any nature whatsoever (collectively, "Claims") arising from or relating to OCERS' non-disclosure of any such designated portions of a proposal; and
2. Any and all Claims arising from or relating to OCERS' public disclosure of any such designated portions of a proposal if OCERS determines disclosure is required by law, or if disclosure is ordered by a court of competent jurisdiction.

Section 11: Contract Negotiations

OCERS will propose a contract to the successful respondent, which will contain such terms as OCERS, in its sole discretion, may require. In addition, the selected firm will agree that this RFP and the firm's proposal will be incorporated by reference into any resulting contract.

This RFP is not an offer to contract. Acceptance of a proposal neither commits OCERS to award a contract to any respondent, nor does it limit OCERS' right to negotiate the terms of a contract in OCERS' best interest, including the addition of terms not mentioned in this RFP. The final contract must, among other terms and conditions required by OCERS, allow OCERS to terminate the contract a) for OCERS' convenience, b) if funds are not appropriated for the services to be provided, or c) for default.

The general form of the contract OCERS intends to use is included as Exhibit "B" ("OCERS Services Agreement"). OCERS reserves the right to make changes to the contract prior to execution, including material changes. The final Scope of Services to be included in the contract will be determined at the conclusion of the RFP process.

By submitting a proposal without comment on the OCERS Services Agreement, respondent will be deemed to have agreed to each term in the OCERS Services Agreement, and to not seek any modifications to it. If respondent objects to any term in the OCERS Services Agreement or wishes to modify or add terms to the OCERS Services Agreement, the proposal must identify each objection and propose language for each modification and additional term sought. A rationale should be included for each objection, modification, or addition.

Section 12: Reservations by OCERS

In addition to the other provisions of this RFP, OCERS reserves the right to:

1. Cancel or modify this RFP, in whole or in part, at any time.
2. Make such investigation as it deems necessary to determine the respondent's ability to furnish the required services, and the respondent agrees to furnish all such information for this purpose as OCERS may request.
3. Reject the proposal of any respondent who is not currently in a position to perform the contract, or who has previously failed to perform similar contracts properly, or in a timely manner, or for any other reason in OCERS' sole discretion.
4. Waive irregularities, to negotiate in any manner necessary to best serve the public interest, and to make a whole award, multiple awards, a partial award, or no award.
5. Award a contract, if at all, to the firm which will provide the best match to the requirements of the RFP and the service needs of OCERS in OCERS' sole discretion, which may not be the proposal offering the lowest fees.
6. Request additional documentation or information from respondents, which may vary by respondent. OCERS may ask questions of any respondent to seek clarification of a proposal or to ensure the respondent understands the scope of the work or other terms of the RFP.
7. Reject any or all proposals submitted in response to this RFP.

8. Choose to not enter into an agreement with any of the respondents to this RFP or negotiate for the services described in this RFP with a party that did not submit a proposal.
9. Determine the extent, without limitation, to which the services of a successful respondent are or are not actually utilized.
10. Defer selection of a bidder to a time of OCERS' choosing.
11. Consider information about a respondent other than, and in addition to, that submitted by the respondent.

Exhibit A
Scope of Services

OCERS seeks one qualified actuarial firm to perform the following actuarial services:

Consulting and Advisory Services

1. Consult and advise the Board of Retirement on actuarial matters or questions, which arise out of or from the operations of the System. Services may be required in person, by video, telephone or by written correspondence (hard copy and/or electronic).
2. Provide in-person presentations of, and public testimony on, all actuarial reports/issues to the OCERS Board of Retirement or other public bodies on any actuarial or actuarially related issue relevant to the System. OCERS expects the consulting actuary to attend a minimum of five OCERS Board of Retirement meetings per calendar year to give presentations and/or answer questions, including two meetings to review the annual actuarial valuation (the first review of the draft valuation and a second meeting for the final approval).
3. Conduct educational discussions with the OCERS Board of Retirement, OCERS staff and/or OCERS Plan Sponsors and stakeholders. The presenting actuary must have the ability to discuss actuarial theory and other actuarial or pension subjects in layperson's terms.
4. Make recommendations of possible improvements in regard to OCERS Actuarial Funding Policy and the benefit structure of OCERS.
5. Keep OCERS informed of any significant regulatory, legal or legislative changes and trends with respect to the public pension industry or actuarial issues and the potential impact on the System's funding and benefit structure. This may require providing estimates of the cost of potential changes in benefit provisions for multiple plans and Rate Groups.
6. Provide actuarial consulting services for administration consultation, unusual benefit calculations, auditor requests (including an annual actuarial certification letter for inclusion in OCERS annual financial report) and actuarial project costs estimates.
7. Review, reconcile and evaluate data files – OCERS will provide the actuary with all data and statistical information deemed necessary to perform specified contract services, provided the data is available in the records and files of the System. The actuary shall load all the data in their own actuarial/statistical software and reconcile it back to the OCERS database. The Actuary shall analyze the data and inquire with OCERS regarding any data anomalies that are discovered. The Actuary shall determine if the content of the information is complete and adequate to provide the specified services below and will make suggestions for modifications to ensure that the full range of data needed for costing proposed benefits or funding methods, performing actuarial valuations and reviewing experience studies is maintained.

Studies and Valuations

Annual Actuarial Valuation Report for Funding Purposes

1. Annual actuarial valuations for funding purposes are to be performed as of each December 31, beginning with the December 31, 2022 valuation. Valuations shall be prepared in accordance with Actuarial Standards of Practice and will determine funding status, funding requirements and recommend employer and employee contribution rates for the various Rate Groups. Such valuations shall consider the actual changes of economic and non-economic experience since the prior valuation. A copy of OCERS most recent Actuarial Valuation Report that provides the respondent with the minimum amount of information needed is available on OCERS website at https://www.ocers.org/sites/main/files/file-attachments/2021_actuarial_valuation_and_review.pdf?1655852774
2. The Board of Retirement requires a two-month process of presenting and approving the annual actuarial valuation for funding. The first presentation that the actuary gives includes key valuation results such as contribution rates by rate group (employer and employee), changes in UAAL by rate group and funding progress by rate group. The first presentation of this information occurs no later than the Board of Retirement's regularly scheduled meeting in May and allows for the Board members to ask questions and for the Plan Sponsors and stakeholders to have ample time to review the information and provide feedback or ask questions prior to the Board of Retirement approving the valuation and the contribution rates. The second presentation to the Board of the annual valuation shall occur no later than at the Board of Retirement's regularly scheduled meeting in June. In addition, a presentation to the participating employers and stake holders may be requested.
3. While maintaining the integrity of its work product, the actuary will work with staff and the Board of Retirement during the development process to provide a clear explanation and understanding of cost impacts of the assumptions used, actuarial gains and losses and the reasoning underlying the actuary's recommendations regarding contribution rates at the Rate Group and benefit level.
4. Actuarial Required contributions shall be calculated by Rate Group and for each benefit plan within each Rate Group. Provide the detailed components of each contribution rate including Normal, COLA and UAAL for both employers and employees. All employee contributions rates are set based on the members' age at entry into the System.
5. Include an actuarial gains and loss analysis and prepare concise schedules and descriptions of why actuarial liabilities changed from the previous year because of economic and non-economic risk areas. These risks would include assumptions regarding salary/pay increases, investment return, service and disability retirements, mortality, and terminations.
6. Perform the calculation of the unfunded actuarial accrued liability (UAAL) by Rate Group as of the valuation date. Provide a breakdown of the UAAL amortization tables for each Rate Group.

7. Include schedules of participant counts included in the study by Rate Group and plan. Charts and tables shall be included showing the distribution by age and service for active members, and by year of retirement by retirees.
8. The Valuation report shall include the Basic Disclosure elements recommended by the California Actuarial Advisory Panel for actuarial valuation reports on public retirement system in California.

Annual Actuarial Valuation for Reporting Purposes

1. The Annual Actuarial Valuation for Reporting Purposes shall provide the necessary Total Pension Liability, Fiduciary Net Position, Net Pension Liability and Pension expense and other related disclosure information in compliance with Government Accounting Standards Board Statement Number 67 *Financial Reporting for Pension Plans* (GASB 67). OCERS measurement date for GASB 67 is December 31 and in the first year of implementation the existing actuary used the roll-forward approach by taking the 2013 Valuation and rolling forward the liabilities to December 31, 2014.
2. A copy of OCERS most recent GASB 67 Actuarial Valuation which contains the minimum amount of information required can be found on OCERS website at https://www.ocers.org/sites/main/files/file-attachments/2021_gasb_67_report.pdf?1655852356
3. The actuary shall also prepare the calculations of proportionate share, net pension liability by employer, pension expense and deferred inflows and outflow by employer along with related disclosures in compliance with Government Accounting Standards Board Statement Number 68 *Accounting and Financial Reporting for Pensions* (GASB 68). The actuary will also prepare and maintain the amortization schedules for each employer's deferred inflows and deferred outflows.
4. A copy of OCERS most recent GASB 68 Actuarial Valuation which contains the minimum amount of information required can be found on OCERS website at https://www.ocers.org/sites/main/files/file-attachments/2021_gasb_68_report.pdf?1655852557
5. In coordination with OCERS, prepare responses to questions and data request from OCERS independent auditors, Participating Employers and Participating Employers' auditors regarding GASB 67 and GASB 68 valuation reports and the assumptions, methods and data used.

Triennial Experience Study

1. Perform an actuarial experience study for the period from January 1, 2020 through December 31, 2022 and prepare an actuarial investigation to consider economic and non-economic experience, assess appropriateness of assumptions and assess and recommend potential

changes in experience and contribution rates. Such recommendations shall include, but are not limited to, the earnings rate, inflation rate, compensation, mortality, retirement, withdrawal, and disability experience of members and beneficiaries by Rate Group. Prepare an in-depth analysis of and provide a comprehensive model and methodology for developing an assumed rate of return to be used prospectively. Future experience studies will be performed every three years. The System's most recent experience analysis for the period ending December 31, 2019 can be found at

https://www.ocers.org/sites/main/files/file-attachments/experience_study_2017-2019_0.pdf?1597852720

2. Provide sufficiently detailed cost impact analysis on each Rate Group for the results of the experience study and for any recommendations for changing assumptions.
3. Compare actual experience for each Rate Group and compare it to the actuarial assumptions, provide a historical perspective of the experience and make any recommendations for adjustment to assumptions.

Other Actuarial Services

1. Determine the annual Cost of Living Adjustment (COLA) for retirement benefits based on comparing the annual average Consumer Price Index for All Urban Consumers for the Los Angeles-Long Beach-Anaheim Area as published by the Bureau of Labor Statistics and update and maintain COLA bank balances for retired members.
2. Determine the annual Supplemental Targeted Adjustment for Retirees Cost-of-Living Adjustment (STAR COLA) to maintain a minimum of 80% of a retiree's or beneficiary's purchasing power to be considered by the Board for approval
3. From time to time, provide actuarial table updates to OCERS systems for benefit calculations under the plans, including those Federal and State governmental related tables necessary for system operation.
4. Prepare reports and information related to participating employer benefit or funding analysis requests.
5. Occasional actuarial reviews of individual benefit applications (i.e. optional survivor benefit calculations, complex marriage dissolutions) and perform complex computations related to these cases.
6. Other actuarial related services as requested.

Actuarial Audit

1. A firm, other than the firm selected as the System's Consulting Actuary, will perform a comprehensive review of the System's actuarial assumptions and methodology for

reasonableness given financial objectives of the System. The review will also include an audit of the valuation results for as many years as the firm deems appropriate based on generally accepted actuarial standards and practices.

2. The selected Consulting Actuary will work cooperatively and will be responsive to the actuary audit firm while they conduct their audit and develop their audit report.

Exhibit B

MINIMUM QUALIFICATIONS CERTIFICATION

All firms submitting a proposal in response to this RFP are required to sign and return this attachment, along with written evidence of how the respondent meets each qualification.

The undersigned hereby certifies that it fulfills the minimum qualifications outlined below, as well as the requirements contained in the RFP.

Minimum Qualifications include:

1. The firm must be a professional actuarial services firm whose primary line of business includes providing actuarial valuation, experience investigations and analysis, actuarial audits, and pension consulting services to public pension plans or similar entities of substantial size;
2. The Primary Actuary performing the work must be a Fellow of the Society of Actuaries and an Enrolled Actuary. Any Supporting Actuary must be either a Fellow of the Society of Actuaries, an Enrolled Actuary or have five years of actuarial pension consulting experience;
3. The Primary Actuary performing the services under the Contract must have a minimum of ten years of experience as an actuary providing pension consulting services experience analysis, valuation assignments and actuarial audit assignments for multi-employer retirement plans. Experience with county retirement systems under the County Employees Retirement Law of 1937 is highly desirable;
4. The firm 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;
5. The firm must provide its own work facilities, equipment, supplies and support staff to perform the required services;
6. All actuaries performing the work must meet the professional qualification standards of the American Academy of Actuaries

The undersigned hereby certifies that they are an individual authorized to bind the Firm contractually, and said signature authorizes verification of this information.

Authorized Signature

Date

Name and Title (please print)

Name of Firm

Exhibit C

PROPOSAL COVER PAGE AND CHECK LIST (TO BE SUBMITTED IN FIRM'S LETTERHEAD)

Respondent Name:

Respondent Address:

By submitting this response, the undersigned hereby affirms and represents that they have reviewed the proposal requirements and have submitted a complete and accurate response to the best of their knowledge. By signing below, I hereby affirm that the respondent has reviewed the entire RFP and intends to comply with all requirements.

Respondent specifically acknowledges the following:

1. Respondent possesses the required technical expertise and has sufficient capacity to provide the services outlined in the RFP.
2. Respondent has no unresolved questions regarding the RFP and believes that there are no ambiguities in the scope of services.
3. The fee schedule submitted in response to the RFP is for the entire scope of services and no extra charges or expenses will be paid by OCERS.
4. Respondent has completely disclosed to OCERS all facts bearing upon any possible interests, direct or indirect, that Respondent believes any member of OCERS, or other officer, agent, or employee of OCERS presently has, or will have, in this contract, or in the performance thereof, or in any portion of the profits thereunder.
5. Materials contained in the proposal and all correspondence and written questions submitted during the RFP process are subject to disclosure pursuant to the California Public Records Act.
6. Respondent is not currently under investigation by any state or federal regulatory agency for any reason.
7. Except as specifically noted in the proposal, respondent agrees to all of the terms and conditions included in OCERS Services Agreement.
8. The signatory below is authorized to bind the respondent contractually.

Authorized Signature

Date

Name and Title (please print)

Name of Firm

Exhibit D

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
AGREEMENT FOR SERVICES**

This Agreement for Services ("Agreement") is entered into this [redacted] day of [redacted], 20[redacted] (the "Effective Date") by and between the Orange County Employees Retirement System, ("OCERS") and [redacted] ("Contractor"). OCERS and Contractor are sometimes individually referred to as "Party" and collectively as "Parties." The Parties hereby agree as follows:

1. PURPOSE.

1.1 Project.

Contractor desires to perform and assume responsibility for the provision of, and OCERS desires to engage Contractor to render, services Actuarial and Consulting Services on the terms and conditions set forth in this Agreement and its attached exhibits.

2. TERMS.

2.1 Scope of Services. Contractor promises and agrees to furnish to OCERS all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately perform all services contemplated by this Agreement ("Services"), as more particularly described in the attached **Exhibit "A"** ("Scope of Services"). All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state, and federal laws, rules, and regulations. Contractor represents and warrants to OCERS that Contractor will perform the Services in a professional and workmanlike manner, in accordance with best industry standards and practices used in well-managed operations performing services similar to the Services.

2.2 Term. The term of this Agreement will commence upon the Effective Date and will continue for 36 months from the Effective Date ("Term"), unless earlier terminated as provided herein. The Parties may, by mutual written agreement, extend the Term for up to 36 months. In no event shall the total term of the Agreement exceed seventy-two (72) months.

2.3 Consideration.

2.3.1 Compensation. Contractor shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement as set forth in **Exhibit "B"** ("Fee Schedule").

2.3.2 Invoices and Payment. Contractor shall submit to OCERS monthly itemized invoices as required by the Fee Schedule. OCERS shall pay all approved charges within net thirty (30) days of receiving such invoice.

2.3.3 Extra Work. At any time during the term of this Agreement, OCERS may request that Contractor perform Extra Work. As used herein, "Extra Work" means any work which is determined by OCERS to be necessary for the proper completion of the Services, but which the Parties did not reasonably anticipate would be necessary as of the Effective Date. Contractor shall not perform, nor be compensated for, Extra Work without written authorization by OCERS. Extra Work, if authorized, will be compensated at the rates and manner set forth in this Agreement.

2.4 Responsibilities of Contractor.

2.4.1 Independent Contractor. The Services shall be performed by Contractor or by Contractor's employees under Contractor's supervision. Contractor will determine the means, methods, and details of performing the Services subject to the requirements of this Agreement. Contractor is an independent contractor and not an employee of OCERS. Except as OCERS may agree in writing, Contractor shall have no authority, expressed or implied, to act on behalf of OCERS in any capacity whatsoever as an agent of OCERS. Any additional personnel performing the Services under this Agreement on behalf of Contractor will also not be employees of OCERS and will at all times be under Contractor's exclusive direction and control.

2.4.2 Payment of Subordinates. Contractor will pay all wages, salaries, and other amounts due its personnel in connection with their performance of Services under this Agreement and as required by law. Contractor shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance. Contractor will bear the sole responsibility and liability for furnishing Workers' Compensation benefits to all such personnel for injuries arising from or connected with the Services.

2.4.3 Licensing. Contractor represents that it, its employees and subcontractors have all licenses, permits, qualifications, and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement.

2.4.4 Conformance to Applicable Requirements. All Services performed by Contractor shall be subject to the approval of OCERS.

2.4.5 Substitution of Key Personnel. Contractor has represented to OCERS that certain key personnel will perform and coordinate the Services under this Agreement ("Key Personnel"). The Key Personnel assigned to this Agreement are identified in the attached **Exhibit "C"** ("Key Personnel"). Key Personnel will be available to perform Services under the terms and conditions of this Agreement immediately upon commencement of the term of this Agreement. If one or more of such Key Personnel

becomes unavailable, Contractor may substitute other personnel of at least equal competence upon written approval of OCERS. Contractor shall provide OCERS written notification detailing the circumstances of the unavailability of the Key Personnel and designating replacement personnel prior to the effective date of the unavailability of such Key Personnel, to the maximum extent feasible, but no later than five (5) business days after the date of the Key Personnel's unavailability. OCERS will have the right to approve or disapprove the reassignment or substitution of Key Personnel for any reason at OCERS' sole discretion. In the event that OCERS and Contractor cannot agree as to the substitution of Key Personnel, OCERS will be entitled to terminate this Agreement for cause.

2.4.6 Removal of Key Personnel. Contractor agrees to remove any Key Personnel from performing Services under this Agreement within twenty-four (24) hours or as soon thereafter as is practicable if reasonably requested to do so by the OCERS.

2.4.7 Laws and Regulations. Contractor shall keep itself fully informed of and in compliance with all local, state, and federal laws, rules, and regulations in any manner affecting the performance of the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Contractor shall be liable for all violations of such laws and regulations in connection with Services. If the Contractor performs any work knowing it to be contrary to such laws, rules, and regulations, Contractor shall be solely responsible for all costs arising therefrom.

2.4.8 Labor Code Provisions.

(a) Prevailing Wages. Contractor is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq. ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "public works" and "maintenance" projects. If the Services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, Contractor agrees to fully comply with such Prevailing Wage Laws. Contractor shall comply with all prevailing wage requirements under the California Labor Code and Contractor shall forfeit as penalty to OCERS a sum of not more than \$200 for each calendar day, or portion thereof, for each worker paid less than the prevailing rates. This penalty shall be in addition to any shortfall in wages paid. OCERS has obtained the general prevailing rate of wages, as determined by the Director of the Department of Industrial Relations ("DIR"), a copy of which is on file in OCERS's office and shall be made available for viewing to any interested party upon request. Contractor shall make copies of the prevailing rates of per diem wages for each craft, classification, or type of worker needed to execute the Services available to interested parties upon request and shall post copies at the Contractor's principal place of business and at the site where Services are performed.

(b) Registration and Labor Compliance. If the Services are being performed as part of an applicable "public works" or "maintenance" project, then, in addition to the foregoing, pursuant to Labor Code sections 1725.5 and 1771.1, Contractor

and all subcontractors must be registered with the DIR. Contractor shall maintain registration for the duration of this Agreement and require the same of any subcontractors. The Services may also be subject to compliance monitoring and enforcement by the DIR. It shall be Contractor's sole responsibility to comply with all applicable registration and labor compliance requirements, including the submission of payroll records directly to the DIR.

(c) Labor Certification. By its signature hereunder, Contractor certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code and agrees to comply with such provisions before commencing the performance of the Services.

2.4.9 Accounting Records. Contractor shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Contractor shall allow a representative of OCERS during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Contractor shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of four (4) years from the date of final payment under this Agreement.

2.4.10 Business Continuity Plan. Contractor warrants that it has and will maintain throughout the term of this Agreement a written business continuity plan ("BCP") to enable it to recover and resume the Services provided by it to OCERS within one (1) Business Day in the event of any disruptive event. Contractor further represents and warrants that it has tested its BCP and will continue to conduct sufficient ongoing verification testing for the recovery and resumption of services provided to OCERS and will update its BCP at least annually. Contractor will notify OCERS within thirty (30) days of any material alterations to its BCP that would impair its ability to recover and resume any interrupted Services it provides to OCERS. Upon request by OCERS, Contractor will provide to OCERS a description of its BCP procedures as they relate to the recovery and resumption of the Services accompanied by a written certification that the BCP has undergone review and testing to account for any changes to such Services. Contractor shall promptly notify OCERS of any actual, threatened, or anticipated event that does or may disrupt or impact the Services provided by Contractor and will cooperate fully with OCERS to minimize any such disruption and promptly restore and recover the Services.

2.5 Representatives of the Parties.

2.5.1 OCERS' Representative. OCERS hereby designates Brenda Shott, Assistant CEO, Finance and Internal Operations, to act as its representative for the performance of this Agreement ("OCERS' Representative"). Contractor shall not accept direction or orders from any person other than the OCERS' Representative.

2.5.2 Contractor's Representative. Contractor hereby designates [name or title], or their designee, to act as its representative for the performance of this Agreement

("Contractor's Representative"). Contractor's Representative shall have full authority to represent and act on behalf of the Contractor for all purposes under this Agreement. The Contractor's Representative shall supervise and direct performance of the Services, using their best skill and attention, and shall be responsible for all means, methods, techniques, sequences, and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

2.6 Indemnification.

To the fullest extent permitted by law, Contractor shall indemnify, immediately defend, and hold OCERS, the members of the OCERS Board of Retirement (each a "Board member"), and OCERS' officials, officers, employees, volunteers, and agents free and harmless from any and all third party claims, demands, causes of action, suits, expenses, liabilities, losses, damages, or injury of any kind, in law or equity, to property or persons, including wrongful death (collectively, "Indemnity Claims"), in any manner arising out of, pertaining to, or incident to any negligent act, error or omission, intentional misconduct, or breach of this Agreement by Contractor, its officials, officers, employees, subcontractors, contractors, or agents in connection with the performance of the Services, or this Agreement, including attorneys' fees and costs, including expert witness fees. Contractor's duty to indemnify does not extend to the Indemnity Claims caused by OCERS' sole negligence or willful misconduct.

Contractor shall immediately defend, with legal counsel reasonably agreed to by OCERS and at Contractor's own cost, expense, and risk, any Indemnity Claims; excluding, however, such claims arising from OCERS' sole negligence or willful misconduct. Contractor shall control the defense or settlement of any such action, except that Contractor will not have the right to settle or compromise the claim without the consent of OCERS. Contractor shall pay and satisfy any judgment, award, or decree that may be rendered against OCERS or its Board members, officials, officers, employees, volunteers, and agents as part of any Indemnity Claim(s). Contractor shall also reimburse OCERS for the cost of any settlement paid by OCERS or its Board members, officials, officers, employees, agents, or volunteers as part of any Indemnity Claim. Such reimbursement shall include payment for OCERS' attorneys' fees and costs, including expert witness fees. Contractor's obligation to defend and indemnify shall survive expiration or termination of this Agreement, and shall not be restricted to insurance proceeds, if any, received by OCERS, its Board, officials, officers, employees, agents, or volunteers.

Notwithstanding the foregoing, to the extent the Services are subject to Civil Code Section 2782.8, the above indemnity and duty to defend shall be limited, to the extent required by Civil Code Section 2782.8, to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Contractor.

2.7 Insurance

2.7.1 Time for Compliance. Contractor shall not commence work under this Agreement until it has provided evidence satisfactory to OCERS that it has secured all

insurance required under this Section 2.7. In addition, Contractor shall not allow any subcontractor to commence work on any subcontract until Contractor has provided evidence satisfactory to OCERS that the subcontractor has secured all insurance required under this section. Failure to provide and maintain all required insurance shall be grounds for the OCERS to terminate this Agreement for cause.

2.7.2 Minimum Requirements. Contractor shall, at its expense, procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Contractor, its agents, representatives, employees, or subcontractors. Contractor shall also require all of its subcontractors to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

(a) Commercial General Liability. These policies shall include OCERS, and its board members, officers, agents, and employees, as an additional insured on a blanket basis and be primary and not contributory to any policy maintained by OCERS. Contractor shall maintain limits no less than two million dollars (\$2,000,000) per occurrence, or the full per occurrence limits of the policies available, whichever is greater, for bodily injury, personal injury, and property damage.

(b) Automobile Liability. Business automobile liability insurance insuring all owned, non-owned, and hired automobiles, in the amount of one million dollars (\$1,000,000) combined single limit per accident for bodily injury and property damage.

(c) Workers' Compensation and Employer's Liability Insurance. Contractor shall maintain Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance in an amount no less than one million dollars (\$1,000,000) per accident for bodily injury or disease. The insurer shall agree to waive all rights of subrogation against OCERS, its Board of Trustees, officials, officers, employees, agents, and volunteers for losses paid under the terms of the insurance policy which arise from work performed by the Contractor.

(d) Professional Liability. Contractor shall procure and maintain, and require its subcontractors to procure and maintain, for a period of five (5) years following the termination or expiration of this Agreement, errors and omissions liability insurance appropriate to their profession covering Contractor's wrongful acts, negligent actions, errors, or omissions. The retroactive date (if any) is to be no later than the effective date of this Agreement. Contractor shall purchase a one-year extended reporting period: i) if the retroactive date is advanced past the effective date of this Agreement; ii) if the policy is canceled or not renewed; or iii) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement. Such insurance shall be in an amount not less than two million dollars (\$2,000,000) per claim.

(e) Fidelity Insurance. Contractor shall procure and maintain a comprehensive fidelity insurance policy. Such fidelity insurance coverage shall include

employee dishonesty coverage in an amount not less than five million dollars (\$5,000,000) per occurrence and shall contain a deductible no greater than ten thousand dollars (\$10,000). Any such deductible shall be paid solely by Contractor.

(f) **Cyber Security Insurance.** Contractor shall procure and maintain cyber security/liability insurance with limits of not less than two million dollars (\$2,000,000) for each occurrence and an annual aggregate of five million dollars (\$5,000,000) covering claims involving privacy violations, information theft, damage to or destruction of electronic information, intentional or unintentional release of private information, alteration of electronic information, extortion and network security, and network and business interruption.

(g) **Excess Liability.** The limits of insurance required in this Agreement may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess coverage shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of OCERS (if agreed to in a written contract or agreement) before OCERS's own primary or self-insurance shall be called upon to protect it as a named insured. The policy shall be endorsed to state that OCERS, its Board, officials, officers, employees, agents, and volunteers shall be covered as additional insured. The coverage shall contain no special limitations on the scope of protection afforded to OCERS, its Board, officials, officers, employees, agents, and volunteers.

2.7.3 **All Coverages.** The general liability and automobile liability policy shall include or be endorsed to state that: (1) OCERS, its Board, officials, officers, employees, agents, and volunteers shall be covered as additional insured with respect to work by or on behalf of the Contractor, including materials, parts, or equipment furnished in connection with such work; and (2) the insurance coverage shall be primary insurance as respects the OCERS, its directors, officials, officers, employees, agents, and volunteer, or if excess, shall stand in an unbroken chain of coverage excess of the Contractor's scheduled underlying coverage. Any insurance or self-insurance maintained by OCERS, its Board members, officials, officers, employees, agents, and volunteers shall be excess of the Contractor's insurance and shall not be called upon to contribute with it in any way.

(a) The insurance policies required above shall contain or be endorsed to contain the following specific provisions:

(i) The policies shall contain a waiver of transfer rights of recovery ("waiver of subrogation") against OCERS, its Board members, officers, employees, agents, and volunteers, for any claims arising out of the work of Contractor.

(ii) Policies may provide coverage which contains deductible or self-insured retentions. Such deductible and/or self-insured retentions shall not be applicable with respect to the coverage provided to OCERS under such policies. Contractor shall be solely responsible for deductible and/or self-insured retention and OCERS, at its option, may require Contractor to secure the payment of such deductible or

self-insured retentions by a surety bond or an irrevocable and unconditional letter of credit. The insurance policies that contain deductibles or self-insured retentions in excess of \$25,000 per occurrence shall not be acceptable without the prior approval of OCERS.

(iii) Prior to start of work under this Agreement, Contractor shall file with OCERS evidence of insurance as required above from an insurer or insurers certifying to the required coverage. The coverage shall be evidenced on a certificate of insurance signed by an authorized representative of the insurer(s).

(iv) Each policy required in this section shall contain a policy cancellation clause that provides the policy shall not be cancelled or otherwise terminated by the insurer or the Contractor or reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to OCERS, Attention: Brenda Shott

(v) Insurance required by this Agreement shall be placed with insurers licensed by the State of California to transact insurance business of the types required herein. Each insurer shall have a current Best Insurance Guide rating of not less than A: VII unless prior approval is secured from OCERS as to the use of such insurer.

(vi) Contractor shall include all subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

2.7.4 Reporting of Claims. Contractor shall report to OCERS, in addition to Contractor's insurer, any and all insurance claims submitted by Contractor in connection with the Services under this Agreement.

2.8 Termination of Agreement. OCERS may, by written notice to Contractor, terminate the whole or any part of this Agreement without liability to OCERS if Contractor fails to perform or breaches any of the terms contained herein. In addition, either Party may terminate this Agreement for any reason or for no reason on thirty (30) days' written notice to the other Party. Upon termination, Contractor shall be compensated only for those Services that have been performed and delivered to OCERS' satisfaction, and Contractor shall be entitled to no further compensation.

2.9 Ownership of Materials and Confidentiality.

2.9.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for OCERS to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Contractor under this Agreement ("Documents & Data"). Contractor shall deliver to OCERS on demand or upon the

termination or expiration of this Agreement, all such Documents & Data which shall be and remain the property of the OCERS. If OCERS uses any of the data, reports, and documents furnished or prepared by Contractor for use in Services other than as shown on Exhibit A, Contractor shall be released from responsibility to third parties concerning the use of the data, reports, and documents. Contractor may retain copies of the materials. OCERS may use or reuse the materials prepared by Contractor without additional compensation to Contractor.

2.9.2 Confidential Information. Any financial, statistical, personal, technical, and other data and information relating to a Party's operations which are made available to the other Party in order to carry out this Agreement shall be reasonably protected by such other Party from unauthorized use, except to the extent that disclosure thereof is required to comply with applicable law, including the California Public Records Act. The disclosing Party shall identify all confidential data and information at the time it is provided. Confidentiality does not apply to information which is known to a receiving Party from other sources, which is otherwise publicly available, or which is required to be disclosed pursuant to an order or requirements of a regulatory body or a court.

2.9.3 Customer Data. Contractor acknowledges that it may receive confidential information from OCERS or otherwise in connection with this Agreement or the performance of the Services, including personally identifiable information of OCERS' customers ("Customer Data"). Except for information in the public domain, unless such information falls into the public domain by disclosure or other acts of OCERS or through the fault of OCERS, Contractor agrees:

- (a) To maintain Customer Data in confidence;
- (b) Not to use Customer Data other than in the course of this Agreement;
- (c) Not to disclose or release Customer Data except on a need-to-know only basis;
- (d) Not to disclose or release Customer Data to any third person without the prior written consent of OCERS, except for authorized employees or agents of Contractor;
- (e) To promptly notify OCERS in writing of any unauthorized release of confidential information, including Customer Data;
- (f) To take all appropriate action, whether by instruction, agreement or otherwise, to ensure that third persons with access to the information under the direction or control or in any contractual privity with Contractor, do not disclose or use, directly or indirectly, for any purpose other than for performing the Services during or after the term of this Agreement, any confidential information, including Customer Data, without first obtaining the written consent of OCERS;
- (g) Upon request by OCERS and upon the termination or expiration of this Agreement for any reason, Contractor shall promptly return to OCERS all

copies, whether in written, electronic, or other form or media, of Customer Data in its possession or in the possession of its employees or agents, or securely dispose of all such copies, and certify in writing to OCERS that such Customer Data has been returned to OCERS or disposed of securely; and

(h) That the requirements in this Section 2.9.3 shall survive the expiration or termination of this Agreement.

2.9.4 Disclosure. Except as may be required by applicable law, neither Party shall make any disclosure of any designated confidential information related to this Agreement without the specific prior written approval from the other of the content to be disclosed and the form in which it is disclosed, except for such disclosures to the Parties' financing sources, other secured parties, creditors, beneficiaries, partners, members, officers, employees, agents, consultants, attorneys, accountants, and exchange facilitators as may be necessary to permit each Party to perform its obligations hereunder and as required to comply with applicable laws or rules of any exchange upon which a Party's shares may be traded. Notwithstanding the foregoing, nothing contained herein shall be deemed to restrict or prohibit OCERS from complying with applicable law regarding disclosure of information, including the California Public Records Act.

2.9.5 Publicity. Contractor shall not use OCERS' name or insignia, photographs of OCERS property, or any publicity pertaining to the Services in any advertisement, magazine, trade paper, newspaper, television, or radio production, or other similar medium without the prior written consent of OCERS.

2.10 Subcontracting/Subconsulting.

2.10.1 Prior Approval Required. Contractor shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of OCERS. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement. Contractor will be solely responsible for the payment of all subcontractors and other third parties engaged by or through Contractor to provide, perform, or assist in the provision and delivery of the Services.

3. General Provisions.

3.1.1 Notices. All notices permitted or required under this Agreement shall be given to the respective Parties at the following address, or at such other address as the respective Parties may provide in writing for this purpose:

OCERS:

**Orange County Employees Retirement
System**

2223 E. Wellington Avenue

Contractor:

Santa Ana, CA 92701

Attention: Jim Doezie

e-mail: jdoezie@ocers.org

Such notice shall be deemed made when personally delivered or when mailed, upon deposit in the U.S. Mail, first class postage prepaid and registered or certified addressed to the Party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.1.2 **Equal Opportunity Employment.** Contractor represents that it is an equal opportunity employer and it shall not discriminate against any subcontractor, employee, or applicant for employment because of race, religion, color, national origin, ethnic group identification, mental disability, physical disability, medical condition, genetic information, marital status, ancestry, sex, gender, sexual orientation, gender identity, gender expression, age, or military and veteran status. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff, or termination.

3.1.3 **Time of Essence.** Time is of the essence for each and every provision of this Agreement. The acceptance of late performance shall not waive the right to claim damages for such breach nor constitute a waiver of the requirement of timely performance of any obligations remaining to be performed.

3.1.4 **OCERS' Right to Employ Other Contractors.** OCERS reserves the right to employ other contractors in connection with the Services.

3.1.5 **Successors and Assigns.** This Agreement shall be binding on the successors and assigns of the Parties.

3.1.6 **Assignment or Transfer.** Contractor shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of OCERS.

3.1.7 **Amendment.** This Agreement may not be altered or amended except in a writing signed by both Parties.

3.1.8 **Waiver.** All waivers under this Agreement must be in writing to be effective. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition.

3.1.9 **No Third Party Beneficiaries.** There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.1.10 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.1.11 Governing Law; Venue. This Agreement shall be governed by the laws of the State of California. The exclusive venue for any dispute arising out of or relating to this Agreement shall be in Orange County, California.

3.1.12 Attorneys' Fees. If either Party commences an action against the other Party, either legal, administrative, or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorneys' fees and all other costs of such action.

3.1.13 Authority to Enter Agreement. Contractor has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.1.14 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.1.15 Integration. This Agreement represents the entire understanding of OCERS and Contractor as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. Neither Party shall be deemed to be the drafter of this Agreement and no presumption for or against the drafter shall be applicable in interpreting or enforcing this Agreement.

3.1.16 Interpretation. This Agreement has been negotiated at arm's length and between parties sophisticated and knowledgeable in the matters dealt with in this Agreement. Each Party has been represented by experienced and knowledgeable legal counsel. Accordingly, any rule of law (including, without limitation, California's Civil Code Section 1654) or legal decisions that would require interpretation of any ambiguities in this Agreement against the party that has drafted it shall not be applicable and are hereby waived. The provisions of the Agreement shall be interpreted in a reasonable manner to effectuate the purpose of the Parties and this Agreement.

3.1.17 Precedence. In the event of any conflict, inconsistency, or ambiguity between the terms and conditions in the main body of this Agreement and the terms and conditions in any exhibit, the main body of this Agreement shall control. This Agreement and all attached exhibits will be construed to be consistent, insofar as reasonably possible. When interpreting this Agreement, precedence shall be given to its respective parts and amendments in the following descending order:

- (a) Amendments to this Agreement entered into pursuant to Section 3.1.7 herein.
- (b) This Agreement.

Exhibit C: Key Personnel.

(c) Exhibit A: Scope of Services, Exhibit B: Fee Schedule, and

Exhibit "D".

(d) OCERS Request for Proposal dated August, 2022, attached as

attached as Exhibit "E".

(e) Contractor's Response to OCERS Request for Proposal,

IN WITNESS WHEREOF, the Parties hereby have caused this Agreement to be executed on the Effective Date:

APPROVED:

APPROVED:

OCERS

[CONTRACTOR]

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

By: _____

Name: _____

Title: _____

EXHIBIT A SCOPE OF SERVICES

Starting on the Effective Date, and continuing during the Term, Contractor will perform the actuarial Services in accordance with the terms of the Agreement. The Services consist of:

Consulting and Advisory Services

1. Consult and advise the Board of Retirement on actuarial matters or questions, which arise out of or from the operations of the System. Services may be required in person, by video, telephone or by written correspondence (hard copy and/or electronic).
2. Provide in-person presentations of, and public testimony on, all actuarial reports/issues to the OCERS Board of Retirement or other public bodies on any actuarial or actuarially related issue relevant to the System. OCERS expects the consulting actuary to attend a minimum of five OCERS Board of Retirement meetings per calendar year to give presentations and/or answer questions, including two meetings to review the annual actuarial valuation (the first review of the draft valuation and a second meeting for the final approval).
3. Conduct educational discussions with the OCERS Board of Retirement, OCERS staff and/or OCERS Plan Sponsors and stakeholders. The presenting actuary must have the ability to discuss actuarial theory and other actuarial or pension subjects in layperson's terms.
4. Make recommendations of possible improvements in regard to OCERS Actuarial Funding Policy and the benefit structure of OCERS.
5. Keep OCERS informed of any significant regulatory, legal or legislative changes and trends with respect to the public pension industry or actuarial issues and the potential impact on the System's funding and benefit structure. This may require providing estimates of the cost of potential changes in benefit provisions for multiple plans and Rate Groups.
6. Provide actuarial consulting services for administration consultation, unusual benefit calculations, auditor requests (including an annual actuarial certification letter for inclusion in OCERS annual financial report) and actuarial project costs estimates.
7. Review, reconcile and evaluate data files – OCERS will provide the actuary with all data and statistical information deemed necessary to perform specified contract services, provided the data is available in the records and files of the System. The actuary shall load all the data in their own actuarial/statistical software and reconcile it back to the OCERS database. The Actuary shall analyze the data and inquire with OCERS regarding any data anomalies that are discovered. The Actuary shall determine if the content of the information is complete and adequate to provide the specified services below and will make suggestions for modifications to ensure that the full range of data needed for costing proposed benefits or funding methods, performing actuarial valuations and reviewing experience studies is maintained.

Studies and Valuations

Annual Actuarial Valuation Report for Funding Purposes

1. Annual actuarial valuations for funding purposes are to be performed as of each December 31, beginning with the December 31, 2022 valuation. Valuations shall be prepared in accordance with Actuarial Standards of Practice and will determine funding status, funding requirements and recommend employer and employee contribution rates for the various Rate Groups. Such valuations shall consider the actual changes of economic and no-economic experience since the prior valuation. A copy of OCERS most recent Actuarial Valuation Report that provides the respondent with the minimum amount of information needed is available on OCERS website at https://www.ocers.org/sites/main/files/file-attachments/2021_actuarial_valuation_and_review.pdf?1655852774
2. The Board of Retirement requires a two-month process of presenting and approving the annual actuarial valuation for funding. The first presentation that the actuary gives includes key valuation results such as contribution rates by rate group (employer and employee), changes in UAAL by rate group and funding progress by rate group. The first presentation of this information occurs no later than the Board of Retirement's regularly scheduled meeting in May and allows for the Board members to ask questions and for the Plan Sponsors and stakeholders to have ample time to review the information and provide feedback or ask questions prior to the Board of Retirement approving the valuation and the contribution rates. The second presentation to the Board of the annual valuation shall occur no later than at the Board of Retirement's regularly scheduled meeting in June. In addition, a presentation to the participating employers and stake holders may be requested.
3. While maintaining the integrity of its work product, the actuary will work with staff and the Board of Retirement during the development process to provide a clear explanation and understanding of cost impacts of the assumptions used, actuarial gains and losses and the reasoning underlying the actuary's recommendations regarding contribution rates at the Rate Group and benefit level.
4. Actuarial Required contributions shall be calculated by Rate Group and for each benefit plan within each Rate Group. Provide the detailed components of each contribution rate including Normal, COLA and UAAL for both employers and employees. All employee contributions rates are set based on the members' age at entry into the System.
5. Include an actuarial gains and loss analysis and prepare concise schedules and descriptions of why actuarial liabilities changed from the previous year because of economic and non-economic risk areas. These risks would include assumptions regarding salary/pay increases, investment return, service and disability retirements, mortality, and terminations.
6. Perform the calculation of the unfunded actuarial accrued liability (UAAL) by Rate Group as of the valuation date. Provide a breakdown of the UAAL amortization tables for each Rate Group.

7. Include schedules of participant counts included in the study by Rate Group and plan. Charts and tables shall be included showing the distribution by age and service for active members, and by year of retirement by retirees.
8. The Valuation report shall include the Basic Disclosure elements recommended by the California Actuarial Advisory Panel for actuarial valuation reports on public retirement system in California.

Annual Actuarial Valuation for Reporting Purposes

1. The Annual Actuarial Valuation for Reporting Purposes shall provide the necessary Total Pension Liability, Fiduciary Net Position, Net Pension Liability and Pension expense and other related disclosure information in compliance with Government Accounting Standards Board Statement Number 67 *Financial Reporting for Pension Plans* (GASB 67). OCERS measurement date for GASB 67 is December 31 and in the first year of implementation the existing actuary used the roll-forward approach by taking the 2013 Valuation and rolling forward the liabilities to December 31, 2014.
2. A copy of OCERS most recent GASB 67 Actuarial Valuation which contains the minimum amount of information required can be found on OCERS website at https://www.ocers.org/sites/main/files/file-attachments/2021_gasb_67_report.pdf?1655852356
3. The actuary shall also prepare the calculations of proportionate share, net pension liability by employer, pension expense and deferred inflows and outflow by employer along with related disclosures in compliance with Government Accounting Standards Board Statement Number 68 *Accounting and Financial Reporting for Pensions* (GASB 68). The actuary will also prepare and maintain the amortization schedules for each employer's deferred inflows and deferred outflows.
4. A copy of OCERS most recent GASB 68 Actuarial Valuation which contains the minimum amount of information required can be found on OCERS website at https://www.ocers.org/sites/main/files/file-attachments/2021_gasb_68_report.pdf?1655852557
5. In coordination with OCERS, prepare responses to questions and data request from OCERS independent auditors, Participating Employers and Participating Employers' auditors regarding GASB 67 and GASB 68 valuation reports and the assumptions, methods and data used.

Triennial Experience Study

1. Perform an actuarial experience study for the period from January 1, 2020 through December 31, 2022 and prepare an actuarial investigation to consider economic and non-economic experience, assess appropriateness of assumptions and assess and recommend potential changes in experience and contribution rates. Such recommendations shall include, but are not limited to, the earnings rate, inflation rate, compensation, mortality, retirement, withdrawal,

and disability experience of members and beneficiaries by Rate Group. Prepare an in-depth analysis of and provide a comprehensive model and methodology for developing an assumed rate of return to be used prospectively. Future experience studies will be performed every three years. The System's most recent experience analysis for the period ending December 31, 2019 can be found at

https://www.ocers.org/sites/main/files/file-attachments/experience_study_2017-2019_0.pdf?1597852720

2. Provide sufficiently detailed cost impact analysis on each Rate Group for the results of the experience study and for any recommendations for changing assumptions.
3. Compare actual experience for each Rate Group and compare it to the actuarial assumptions, provide a historical perspective of the experience and make any recommendations for adjustment to assumptions.

Other Actuarial Services

1. Determine the annual Cost of Living Adjustment (COLA) for retirement benefits based on comparing the annual average Consumer Price Index for All Urban Consumers for the Los Angeles-Long Beach-Anaheim Area as published by the Bureau of Labor Statistics and update and maintain COLA bank balances for retired members.
2. Determine the annual Supplemental Targeted Adjustment for Retirees Cost-of-Living Adjustment (STAR COLA) to maintain a minimum of 80% of a retiree's or beneficiary's purchasing power to be considered by the Board for approval
3. From time to time, provide actuarial table updates to OCERS systems for benefit calculations under the plans, including those Federal and State governmental related tables necessary for system operation.
4. Prepare reports and information related to participating employer benefit or funding analysis requests.
5. Occasional actuarial reviews of individual benefit applications (i.e. optional survivor benefit calculations, complex marriage dissolutions) and perform complex computations related to these cases.
6. Other actuarial related services as requested.

Actuarial Audit

1. A firm, other than the firm selected as the System's Consulting Actuary, will perform a comprehensive review of the System's actuarial assumptions and methodology for reasonableness given financial objectives of the System. The review will also include an audit of the valuation results for as many years as the firm deems appropriate based on generally accepted actuarial standards and practices.

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2. The selected Consulting Actuary will work cooperatively and will be responsive to the actuary audit firm while they conduct their audit and develop their audit report.

**EXHIBIT B
FEE SCHEDULE**

1. **Fees and Expenses.** Contractor agrees to accept the compensation set forth in this Exhibit B as full payment for performing all Services, including all staffing and materials required, for any reasonably unforeseen difficulties which may arise or be encountered in the execution of the Services, for risks connected with the Services, and for performance by Contractor of all its duties and obligations under the Agreement. OCERS will pay the following fees in accordance with the provisions of this Agreement:

- TBD

2. **Payment Terms – Payment in Arrears:** Invoices are to be submitted in arrears to OCERS unless otherwise directed in this Agreement. Payment by OCERS will be net thirty (30) days after receipt and approval of an invoice in a format acceptable to OCERS.
3. **Payment – Invoicing Instructions:** Contractor will provide an invoice on the Contractor’s letterhead for services rendered under this Agreement. Each invoice will have a number and will include the following information:
 - a. Contractor’s name and address
 - b. Contractor’s remittance address, if different from item #1 above
 - c. Contractor’s Taxpayer ID Number
 - d. Name of OCERS Agency/Department
 - e. Delivery/service address
 - f. Agreement number
 - g. Agency/Department’s Account Number
 - h. Date of invoice
 - i. Description and price of services provided
 - j. Sales tax, if applicable
 - k. Freight/delivery charges, if applicable
 - l. Total

Invoice and support documentation are to be forwarded to:

Orange County Employees Retirement System
2223 E. Wellington Avenue
Santa Ana, CA 92701
Attention: Accounts Payable
Email: Accountspayable@ocers.org

EXHIBIT C
KEY PERSONNEL

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