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San Luis Obispo County
Pension Trust
SLOOPT

**Request for Proposal
For Actuarial Consulting Services**

KEY DATES

Request for Proposals (RFP) issued:	August 27, 2020
Written Questions Due	September 11, 2020
Responses to Questions Posted on Website	September 18, 2020
Due date for submission of Proposals	October 9, 2020
Possible Interview(s) of Finalists	November 2-6, 2020
Estimated Board Approval and Contract Execution	November 23, 2020

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1. Introduction & Background

The San Luis Obispo County Pension Trust (SLOCPT) is an independent public retirement trust established pursuant to California Government Code Section 53215 et seq. Under the provisions of the Government Code, the applicable County ordinances and the San Luis Obispo County Employees Retirement Plan, administration and investment of assets is governed by a seven member Board of Trustees. Three of the Trustees are elected by the Active Members, three are appointed by the Board of Supervisors and the County Treasurer is ex-officio a member.

SLOCPT has about \$1.4 billion in assets and about 6,250 participants. The active membership is composed of three separate member classifications: Miscellaneous, Probation and Safety. There are additional benefit differentials that exist between sworn and non-sworn safety officers as well represented and management employees that include retirement factors, benefit caps and pensionable compensation components. Beginning with most new hires in 2011-2012 a Tier 2 benefit structure was established for Miscellaneous and Safety (sworn and non-sworn) members. Beginning with new hires in 2013 a Tier 3 benefit structure for all classes of membership consistent with the Public Employees Pension Reform Act of 2012 (PEPRA) was established. The Retirement Plan is available online at SLOCPT's web site: www.slopensiontrust.org.

The total rate of contributions to the Retirement Plan is established based on SLOCPT's Actuary's recommendation. The allocation of the total pension contribution rate between Employee contributions (age-at-entry schedules) and Employer appropriations are determined by the Plan Sponsor and contracting agencies consistent with various collective bargaining agreements. Under the current collective bargaining agreements, pension contribution rate increases are generally split 50/50 between employer and employee with some modifying caps on increases in some agreements.

Plan Normal Costs are calculated for each Tier within each member classification. Total Required Contributions to the Plan are expressed as a percentage of payroll that reflects a blending of the Normal Cost rates between Tier 1 and Tier 2 & 3 and the required UAAL amortization.

The San Luis Obispo County Superior Court, Air Pollution Control District, Local Agency Formation Commission and Regional Transit Authority (administrative staff only) all contract with SLOCPT to provide benefits to their employees. All Contract Agency employees are categorized as Miscellaneous and each have specific arrangements with SLOCPT dictating which Tier and benefit structure they participate in.

Plan investments and benefits are administered by a staff of eight. The Executive Director is the Plan Administrator and Chief Investment Officer. The Deputy Director assists the Executive Director and manages operations. Verus provides investment consulting services to the Board and the staff. Legal counsel is provided by the Olson | Remcho firm, who is retained by the Board of Trustees.

The Trust currently retains Gabriel, Roeder, Smith and Company to provide actuarial consulting services. On June 22, 2020 the Board of Trustees approved the January 1, 2020 valuation covering the Plan year ending December 31, 2019. An Actuarial Experience Study is performed biennially with the most recent Experience Study completed in 2020 covering the 5-year period from January 1, 2015- through December 31, 2019.

The actuarial assumptions incorporated in the 2020 Annual Actuarial Valuation are detailed in that report and include a 6.875% discount rate. Mortality Assumptions were significantly updated with the 2016 and 2020 Actuarial Valuations. The amortization of the Unfunded Actuarial Accrued Liability is on a 20-year layered basis with a legacy UAAL amortization from prior to the adoption of the 20-year layered approach also being amortized through 2040.

It is the practice of the SLOCPT to retain a different actuarial firm every five years to perform an Actuarial Audit of the most recent Actuarial Valuation. The last such Actuarial Audit was performed by Bartel & Associates for the 2018 Annual Actuarial Valuation for the year ending December 31, 2017.

The Board of Trustees is seeking proposal to provide actuarial services as described below. SLOCPT currently uses Gabriel Roeder Smith for actuarial services and has done so since 2007. The lead actuary at GRS on the SLOCPT account retired in 2019 which is the reason for issuing this RFP. Gabriel Roeder Smith is invited to respond to this RFP.

Term of Engagement - A contract with an initial term of five (5) years is contemplated commencing January 1, 2021 and the contract may be extended beyond December 31, 2025 by mutual agreement of the parties by written amendment. SLOCPT's decision to exercise contract extension(s), not to exceed a total of five (5) additional years, will be subject to satisfactory negotiation of terms.

2. Services to be Provided

The services to be provided pursuant to this RFP include:

1. Annual Actuarial Valuations (set fee schedule)
2. Annual CAFR actuarial information updates (set fee schedule)
3. Annual GASB 67/68 Financial Statement Disclosure Report (set fee schedule)
4. Biennial Actuarial Experience Studies (set fee schedule)
5. Routine actuarial services such as but not limited to - (hourly basis for costs)
 - a. Actuarial and Government table updates,
 - b. benefit calculations for divorces,
 - c. analysis of optional forms of retirement benefits,
 - d. 415 Limit calculations,

- e. PEPRA compensation limits,
 - f. Retiree COLA calculations,
 - g. Other actuarial analysis and calculations on a TBD basis
6. Ad hoc special projects (hourly basis for costs)

3. Information to be Furnished by Proposer

A complete Proposal shall include the following elements:

A. Introduction and statement of understanding

B. General Qualifications including:

- Organizational Structure
- List of any material changes to the organization structure within the last 5 years
- Length of time the Proposer has been performing actuarial consulting
- Percentage of revenue derived from actuarial consulting
- Number of full-time profession actuarial consultants employed by Proposer
- Description of Proposers compensation and incentive program for actuarial consultants
- Listing of recent actuarial projects the Proposer deems similar to the projects described in this RFP
- Description of Proposer's systems controls, security, and resources utilized to ensure the confidentiality and integrity of client data
- Description of how the Proposer evaluates their clients' satisfaction

C. Professional Staff Qualifications and Experience including:

- Name, and title of primary individual(s) who would be responsible for the SLOCPT account
- Biography/profile/resume for each person identified above
- Primary role(s) of each person identified above regarding the services provided to SLOCPT

D. Potential Conflicts: provide details of any potential conflict of interest related to any other client relationships, SLOCPT affiliates, SLOCPT trustees or staff if awarded the engagement

E. Legal Situations. Answer to the following:

- Has any officer or principal of your organization been involved in litigation or legal proceedings related to any actuarial or other consulting activities? If so, provide a brief explanation and indicated the current status of proceedings.
- Has your firm ever been censured or fined by any regulatory body? If, so please indicate the dates and describe the situation.

F. Fee Schedule: provide all-inclusive fee (or hourly rate where specified) for each item listed in section 2, Service to be Provided. Address future pricing for the expected term of the engagement (5 years).

G. References: provide a listing of three (3) client references for which the Proposer performs actuarial consulting service similar to those described in the RFP

H. Attachments to the Proposal to included:

- Proposer's Financial Information or Audited Financial Statements
- Example – Actuarial Valuation
- Example – Actuarial Experience Study
- Sample Contract
- Additional Materials the Proposer wishes to include

The following information can be obtained from the SLOCPT website:

www.slopensiontrust.org

- Actuarial Valuation: January 1, 2020 with supplementary exhibits
- Biennial Actuarial Experience Study: January 1, 2020
- Actuarial Audit of the 2018 Actuarial Valuation
- The Retirement Plan Document
- SLOCPT 2019 CAFR
- This RFP
- Questions (received by **September 11, 2020**) and Answers

4. Submission of Proposals

A. **Electronic:** Send the proposal and any attachments to cnelson@co.slo.ca.us. Electronic proposals and attachments thereto should be submitted in PDF format.

B. Proposals should be received at the above location by 5:00 P.M PDT. **October 9, 2020.**

C. Modifications to proposals should be in writing (electronically delivered) and received before the above referenced date.

D. All costs associated with developing proposals and/or making presentations to the Board of Trustees should the Board decide to interview candidate firms, are the responsibility of the Proposer.

E. This RFP is not an offer capable of acceptance, but an invitation to you to submit a proposal to render professional services. The SLOCPT Board of Trustees reserves the right

to reject any and all proposals submitted and to award the contract on criteria deemed appropriate by the Board of Trustees in the exercise of its sole discretion in this matter.

F. Under the provisions of the California Public Records Act (the “Act”), Government Code section 6252 et seq., all “public records” (as defined in the Act) of a local agency, such as SLOCPT, must be available for inspection and copying upon the request of any person. Under the Act, SLOCPT may be obligated to provide a copy of any and all responses to this Request for Proposal, if such requests are made after the contract is awarded. One exception to this required disclosure is information which fits within the definition of a confidential trade secret [Government Code section 6254(k)] or contains other technical, financial or other data whose public disclosure could cause injury to the proposer’s competitive position. If any proposer believes that information contained in its response to this Request for Proposal should be protected from disclosure, the proposer **MUST** specifically identify the pages of the response that contains the information by properly marking the applicable pages and inserting the following notice in the front of its response:

NOTICE: The data on pages _ of this response identified by an asterisk (*) contain technical or financial information, which are trade secrets, or information for which disclosure would result in substantial injury to the proposer’s competitive position. Proposer requests that such data be used only for the evaluation of the response, but understands that the disclosure will be limited to the extent that SLOCPT considers proper under the law. If an agreement is entered into with the proposer, SLOCPT shall have the right to use or disclose the data as provided in the agreement, unless otherwise obligated by law.

SLOCPT will not honor any attempt by proposer to designate its entire proposal as proprietary. If there is any dispute, lawsuit, claim or demand as to whether information within the response to the Request for Proposal is protected from disclosure under the Act, Proposer shall indemnify, defend, and hold harmless, SLOCPT arising out of such dispute, lawsuit, claim or demand.

G. The bidder may withdraw or revise their proposal at any time prior to the due date specified above. After this due date the proposal is to be considered firm and may not be withdrawn for 120 days.

5. Contract Terms and Conditions

The contract will include, but may not be limited to, the following provisions:

A. Payment: The contractor will be paid in full upon full performance and receipt of deliverables specified in proposal and other documentation if requested.

B. Expense Reports: The contractor shall provide an itemized statement of expenses.

C. Nonassignable: The contract shall not be assignable either in whole or in part without prior written approval of the Board of Trustees.

D. Entire Agreement: The contract shall contain all representations and the entire understanding of the parties with respect to the subject matter. The RFP and the Contractor's proposal shall not be considered part of the contract unless expressly incorporated therein.

E. Choice of Law: The formation, construction and performance of the contract shall be governed and construed in accordance with the laws of State of California, County of San Luis Obispo.

F. Confidentiality: The Contractor, in the course of its duties, may handle financial, accounting, statistical and personal information pertaining to SLOCPT members and funds. All such information is to be considered confidential; and unless permitted by the Board of Trustees in writing, shall not disclose such information, directly or indirectly, or use said information in any other way, either during the term of the contract or at any time thereafter, except to perform its duties under the contract. Any disclosure of information contrary to this provision shall be considered a material breach of contract.

G. Disputes: Any controversy or claim arising out of or relating to the contract, or the breach thereof, shall be settled by the Executive Secretary whose decision shall be final.

H. Amendment: No amendment to the contract shall be valid unless made in writing and signed by both parties.

I. Independent Contractor: The contractor shall be liable for any act or acts of its own, of its agents or employees, and nothing in the contract shall be construed as creating an employer-employee relationship between the Board of Trustees and the Contractor or its employees or agents. The Contractor shall be deemed at all times to be an independent contractor and shall be wholly responsible for the manner in which it performs the services required of it. The Contractor shall agree to assume exclusive responsibility for the acts of its employees and/or agents as they relate to the services to be provided during the course and scope of their employment.

J. Termination: The Contract may be terminated at any time upon thirty (30) calendar day's written notice by either party.

K. Insurance: A satisfactory level of errors and omissions insurance coverage will be required.

L. Conflicts of Interest: The Contractor shall provide details of any other client relationships that could create either an actual conflict of interest or the appearance of a conflict of interest if awarded this engagement. The Contractor will also be required to describe the purpose and monetary value of any gifts, travel, expenses, entertainment or meals given to any member of the Board of Trustees or SLOCPT staff in the last two (2) years.

M. Indemnification: Please note that Section 16.02 of the Retirement Plan specifically prohibits the Board of Trustees from indemnification of any other party for any reason, absent authorization by the Board of Trustees based on a series of required findings.

6. Proposal Review and Selection Process

A. The Staff will conduct an initial review of all proposals received by the deadline set forth in this RFP. The purpose of this initial review is to ensure that all proposals meet the minimum requirements set forth in the RFP.

B. The Staff will then conduct a review of the proposals and present their recommendation to the Board of Trustees as to the proposal that best meets the needs of the Trust. It is anticipated that a Staff recommendation to the Board of Trustees will be made on **November 23, 2020**.

C. The Board of Trustees will review the staff analysis and recommendation of the proposals and then select a successful proposer or, in the alternative, select providers to be interviewed by the full Board of Trustees, after which the Board will make its selection.

D. To restate: The SLOCPT Board of Trustees reserves the right to reject any and all proposals submitted and to award the contract on criteria deemed appropriate by the Board of Trustees in the exercise of its sole discretion in this matter.

For Questions or Clarifications please contact:

Carl Nelson, Executive Director

or

Amy Burke, Deputy Director

San Luis Obispo County Pension Trust
(805) 781-5465 / Fax (805) 781 -5697

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Any questions received by **September 11, 2020** at 5:00 PM PDT will be answered and posted (anonymously) on the www.slopensiontrust.org website by **September 18, 2020** at 3:00 PM PDT.