

FCERA Actuarial Audit Service Request for Proposals (RFP)

Questions on the RFP  
July 7, 2014

1. On page one of the RFP it states under '1.2 Calendar of Events' that the Proposal Submission Due Date is July 21, 2014. However, under '1.3 Proposal Submission' it states that respondents must submit by July 18, 2014. Can you please clarify the due date?
  - a. *Proposals are due in FCERA's office by 5 p.m. PST on Monday, July 21, 2014.*
2. Would one in person meeting be sufficient? (page 15, Methodology #27)
  - a. *One meeting before the Board is generally sufficient to make the final presentation. However, it may be necessary to meet with staff or the actuaries in order to complete the project.*
3. Can we get active "sample lives" from the plan actuary which shows the full development of the liabilities? (page 12, Scope of Services)
  - a. *It is possible for active "sample lives" to be provided after the contract is signed and the project is started. However, the development of "sample lives" and comparison of individual results can be a costly endeavor to both actuarial firms and should be approached with careful thought and planning.*
4. What is our role in calculation of supplemental benefit funding calculations (e.g. Ventura Settlement benefits)? How much added work is this for Segal when they do the valuation? (page 12, Scope of Services #2)
  - a. *The Board is requesting a "full scope audit" that includes the calculation of all benefits provided and contribution rates charged by FCERA. The additional work is rolled into one fee, so it is difficult to say how much time is spent on any one aspect of the assignment.*
5. Has there been a prior audit of the pension fund? (page 5, 3.1 Background Information) If so, can we get a copy and what did it cost?
  - a. *FCERA has completed two prior audits of the actuarial calculations experience studies. The reports are available on FCERA's website at [www.fcera.org](http://www.fcera.org). From the home page, locate "Financial & Actuarial Reports" from a list of items on the left side of the page. Slide your cursor to the right and select "Actuarial Reports." Browse down the page to select "Special Actuarial Studies;" locate and select the report you wish to view.*
  - b. *The contract price of the most recent audit was a not to exceed bid of \$62,515.*
6. Has there been a prior audit of an experience study? (page 5, 3.1 Background Information) If so, can we get a copy and what did it cost?
  - a. *See response to question 5.*
7. What was Segal's cost for the 2013 valuation? (page 17, Fees)
  - a. *The cost of the 2013 valuation was \$65,000.*
8. What was Segal's cost for the two 2012 experience study? (page 17, Fees)
  - a. *The cost of the 2012 experience study was \$40,000.*

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9. *Section 2.8, page 4.* It is stated that “any claim which cannot be amicably settled without court action will be litigated in the Superior Court of California for the County of Fresno.” Would FCERA agree to an alternative of entering into binding arbitration if the parties are unable to resolve the dispute? If it would not accept binding arbitration, would it accept the following language regarding a federal bench trial?

“The parties agree that any litigation will be filed and conducted in the federal courts located in Fresno County, California, and, subject to the next sentence, all parties consent to the exclusive venue and the personal jurisdiction of such federal courts. A party may challenge federal jurisdiction under 28 U.S.C. §1132 only if such motion is based solely on a lack of sufficient amount in controversy. Both parties agree to waive the right to a trial by jury. The execution of this agreement shall impose no personal liability on the directors, officers or employees of either party and in the event of breach, non-performance or other default, the parties agree not to seek personal judgment against the officers, directors or employees of the other but to look to the assets of the FCERA or Milliman, respectively, for satisfaction of any claim hereunder.”

- a. *FCERA will not agree to waive its right to jury trial prior to a specific disputes arising. FCERA will consider any such request in connection with the resolution of specific disputes. FCERA will not agree to waive any claims against any person or entity before a dispute arises. FCERA will consider any such requests in connection with the resolution of specific disputes. FCERA will consider alternative dispute resolution methodologies in connection with the resolution of specific disputes.*

*FCERA is willing to agree to exclusive jurisdiction and venue for all disputes in the federal District Court for the Eastern District of California, Fresno Division, provided federal jurisdiction requirements are satisfied. Absent federal jurisdiction, exclusive jurisdiction for resolving all disputes shall be in the Superior Court for County of Fresno, California.*

10. *Section Five, item 2 on page 7,* states that the Actuary performing the work must be a Fellow of the Society of Actuaries (FSA). Our most senior consultant for the FCERA audit team is an Associate of the Society of Actuaries (ASA), a Principal at our firm, has over 25 years of public sector experience, and has performed 20 audits for large public sector plan clients. Additionally, we would have an FSA as the Supporting Actuary. We feel that we would best serve FCERA if our most senior consultant were the primary Actuary. Would it be acceptable to FCERA to have an ASA fill that role?

- a. *FCERA believes that an FSA is the most appropriate level as the lead on this assignment.*

11. *4. Section Seven, page 10,* states that FCERA will recommend a firm to the Board of Retirement who will determine the final award for these services. Are there any categories from which you are basing this recommendation? Please provide any percentage weights that will be given to these categories for evaluation. (e.g.) Cost, 15%.

- a. *FCERA is still developing the scoring sheets and weights.*

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12. Will the firm who performed the most recent actuarial audit be invited to bid? Please provide a copy of the last actuarial audit report.
  - a. *EFI performed the last actuarial audit. Since that time, EFI has merged with Cheiron. Cheiron has been invited to bid.*
  - b. *Please see the answer to question 5a for instructions on how to retrieve a copy of the actuarial audit.*
  
13. Please provide any scoring documents related to the last RFP for these audit services.
  - a. *Three proposals were submitted for the last actuarial audit. As a result, all three firms were invited to make presentations to the Board, after which the Board discussed the presentations in open session and selected EFI.*