

Oklahoma Teachers Retirement System

*Request for Proposals
for
Actuarial Consultant Services*

April 8, 2009

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Oklahoma Teachers Retirement System Actuarial Consultant Services Request for Proposal

1.0 GENERAL BACKGROUND

1.1 RFP Summary Statement

Oklahoma Teachers Retirement System (OTRS) requests proposals from qualified actuarial consulting firms interested in providing a range of actuarial services while functioning as an actuarial advisor to the OTRS Board of Trustees and the Executive Secretary of the System. Employment of an actuary is authorized by Oklahoma Statutes.

1.2 Agency Description

Established by the Oklahoma Legislature in 1943, OTRS administers a cost sharing, multiple employer defined benefit plan. In addition, OTRS administers one multiple-employer defined contribution plan, the Oklahoma Teachers' Retirement 403 (b) Tax-Shelter Annuity Defined Contribution Plan (TSA).

OTRS's membership includes more than 152,000 active, inactive and retired clients. OTRS has been operational as a state agency since 1943. It is administered by an Executive Secretary who is responsible to a policy setting thirteen-member Board of Trustees. The agency employs 52 full-time employees, none of whom is an actuary.

1.3 Summary Agency Statistics

The makeup of the funds administered by OTRS, as of June 30, 2008 is shown on the next page.

Actuarial Value

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<u>Fund</u>	<u>Active Members</u>	<u>of Assets (in 000's)</u>
Defined Benefit Plan:		
Active clients	88,678	\$9,000,000,000,
Retirees and beneficiaries	45,238	
Inactive, vested	6,915	
Inactive, nonvested	6,908	
Tax-Shelter Annuity Plan (Defined Contribution Plan)	4,990	\$257,000,000,
<hr/>		
Totals:	152,739	\$9,257,000,000,
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For additional information about OTRS, its financing and benefit structures, please refer to the System's Comprehensive Annual Financial Report for the period ending June 30, 2008, found on the OTRS website, www.ok.gov/trs.

2.0 PROJECT SCOPE

2.1 RFP Goal

The goal of this RFP is to evaluate and select an actuarial firm who will serve as a consulting actuary to the OTRS Board of Trustees and the Executive Secretary of the System for a one year period commencing July 1, 2009 and ending June 30, 2010 and may be renewed by the Board of Trustees for four (4) additional one-year terms by giving notice of its intent to renew at least thirty (30) days prior to the anniversary date of this Agreement. The firm awarded the resulting contract will provide various actuarial services which include consultation and advisory services, annual valuations, legislative studies, experience analyses and other general duties for the Defined Benefit and Defined Contribution plans.

2.2 Contract Services and Deliverables

The consulting actuary shall perform tasks, which include, but shall not be limited to, the following:

General Duties:

1. Load and reconcile all the data in the OTRS database. OTRS will furnish the consulting 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. Data will be provided in a form agreed upon by OTRS and the consulting actuary.
2. Treat all member information as confidential. The consulting actuary is expected to comply with the provisions of the Oklahoma Government State Statutes as they apply to all data provided by OTRS for purposes of the contract and as it applies to all data created, gathered, generated or acquired with the contract.
3. Seek written consent prior to public release of information resulting from the engagement. With respect to any publicity given to the actuarial services provided under the terms of the resulting contract, the consulting actuary shall identify OTRS as the sponsoring agency and shall not release any information without prior written approval of the Executive Secretary of the System or an appointed designee. This information includes, but is not limited to, press releases, research, and reports.

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4. Communicate directly to the Executive Secretary (or appointed designee). OTRS expects the consulting actuary to route all requests, reports and all other communication in connection with this contract through the Executive Secretary of the System or an appointed designee.
5. Document extended services. The lead consulting actuary must review, approve, and sign all price quotations for extended services, final reports, and correspondence regarding actuarial assumptions and other technical issues.
6. Perform all services within the scope of the contract under the direct supervision of a qualified actuary. An approved actuary must be regularly engaged in the business of providing actuarial services and have at least 15 years experience with major public employee retirement systems or designation as a Fellow in the Society of Actuaries. The firm's choice of a consulting actuary must be an employee of the firm. OTRS reserves the right to reject the firm's choice of a consulting actuary and may terminate the contract if a consulting actuary, acceptable to the OTRS Board of Trustees, cannot be made available by the firm.

Consultation and Advisory Services:

1. Provide actuarial consultation and advisory services. These services may be delivered in meetings or by telephone calls and written correspondence. OTRS expects these services may include public testimony to committees, boards, commissions, and legislators on any technical, policy, legal or administrative issues arising during the course of OTRS's operations. The consulting actuary should be readily accessible to OTRS's Executive Secretary by telephone within one working day and will be available for meetings within five (5) working days of a request. OTRS expects the consulting actuary to attend a minimum of three (3) Board of Trustee meetings per contract year to give presentations and/or answer questions, including one meeting to review the annual actuarial valuation. OTRS also expects the consulting actuary to be available for educational discussions with the Board of Trustees and/or OTRS employees. The consulting actuary must have the ability to discuss actuarial theory and other matters in lay terms.

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2. Prepare various actuarial operating tables and factors. From time to time, these tables and factors may be required for operation of the System. These tools include, but are not limited to, mortality tables, option tables for annuitants, present value factors, survivor benefit factors, and PC programs for service purchase calculations, required reserve figures, and present value calculations.
3. Prepare actuarial cost estimates of proposed legislation. The consulting actuary shall provide timely financial impact estimates of planned statutory amendments as requested by OTRS's Executive Secretary. OTRS expects the consulting actuary to prepare an average of 15 estimates per contract year. The majority of these pricing requests will occur during a legislative session and will require the actuary's response within three (3) working days. These estimates must be prepared in accordance with The Standards of Actuarial Work.
4. Recommend possible improvements in OTRS's financing and benefit structure. Throughout the duration of the contract, the consulting actuary will inform OTRS of any new developments in the retirement industry and their effect on the financing and benefit structure of a retirement system. The consulting actuary should keep the Board of Trustees and the Executive Secretary of the System apprised of current trends and advancements within the actuarial profession.
5. Assist OTRS staff in drafting new legislation or proposed changes to existing retirement laws which govern the System. Furthermore, the consulting actuary should assist OTRS in developing strategies and recommend specific strategies for resolving any policy or administrative problems associated with implementing new legislation.
6. Assist in establishing actuarial specifications for the System's data files. From time to time OTRS may ask the consulting actuary to provide feedback on the content of the data files and make suggestions for modifications to ensure that the full range of data needed for costing proposed legislation, performing actuarial valuations and reviewing experience studies is maintained.
7. Provide advice on special benefit cases. OTRS may occasionally request that the consulting actuary review individual benefit applications (i.e. complex marriage dissolutions) and perform complex computations related to these special cases.

Valuation Services:

In addition to the standard information contained in the OTRS annual actuarial valuation, an addendum is required to be prepared for the sole purpose of meeting the OTRS Board's requirement to submit this information to the Oklahoma State Pension Commission based on the prescribed actuarial assumptions detailed in (70 O.S. 2001, Section 17-106.1, Section H). The June 30, 2008 Addendum can be reviewed in Appendix IV of the OTRS Annual Actuarial Valuation on the OTRS website, www.ok.gov/trs.

2.3 Extended Contract Services and Deliverables -- Experience Analysis, Projection Valuations and Demographic Studies

Note: OTRS anticipates the consulting actuary to perform the services identified below on an as-needed basis.

1. Prepare experience studies of OTRS. When requested, conduct experience studies for OTRS's defined benefit plan and make recommendations for changing actuarial assumptions, as appropriate, for presentation to the OTRS Board of Trustees. Experience studies are generally conducted every four (4) years for OTRS, and as requested by the Oklahoma Pension Commission, Oklahoma Legislature or any OTRS Special Legislative Committees, Task Forces, etc.
2. Prepare projection valuation studies of OTRS. When requested, conduct projection valuation studies for OTRS's defined benefit plan. Analyze and report results to the OTRS Board of Trustees.
3. Prepare necessary reports projecting demographic trends for OTRS that will impact future service demands. These may include projecting the number of members reaching retirement age at various points in the future, studies to learn the number or proportion of members in various age categories at certain points in the future, projected rates of new member growth, or other demographic studies.

3.0 PROPOSAL SPECIFICATIONS

3.1 General Proposal Contents

Proposals submitted in response to this RFP must contain certain necessary information essential to understanding and evaluating the proposals. The intent is not to limit the content of the proposals. Responders may propose additional tasks or activities if they will substantially improve the services desired by OTRS; however, unnecessarily lengthy proposals will not enhance the evaluations OTRS will conduct. The emphasis should be on the consulting actuary's ability to satisfy the requirements of this RFP. Information submitted in the proposal must be current, complete, and accurate. Misrepresentation of proposal data will be grounds for rejection of the proposal or cancellation of the contract (if one has been awarded), and legal remedies may be sought.

All materials submitted in response to this RFP will become the property of OTRS and will become public record in accordance with Oklahoma statutes after the evaluation process is completed. Pursuant to the statute, completion of the evaluation process occurs when the government entity has completed negotiating the contract with the selected vendor. If the responder submits information in response to this RFP that it believes to be trade secret materials, the responder must:

- Clearly mark all trade secret materials in its response at the time the response is submitted,
- Include a statement with its response justifying the trade secret designation for each item, and
- Defend any action seeking release of the materials it believes to be trade secret, and indemnify and hold harmless OTRS, its agents and employees, from any judgments or damages awarded against the System in favor of the party requesting the materials, and any and all costs connected with that defense. This indemnification survives the System's award of a contract. In submitting a response to this RFP, the responder agrees that this indemnification survives as long as the trade secret materials are in possession of the System. The System will not consider the prices submitted by the responder to be proprietary or trade secret materials.

OTRS assumes no liability for payment of expenses incurred by consulting actuaries in preparing and submitting proposals. All materials submitted in response to this RFP will become the property of OTRS. Materials received will

be considered public information and will be open to public inspection in accordance with the Oklahoma Open Records Act.

3.2 Proposal Contents

Firms responding to this RFP must submit proposals in one document, except for the cost proposal. Provide one copy of the cost proposal in a separately sealed envelope clearly marked on the outside "Cost Proposal" along with the firm's name. A specific outline must be followed in each proposal in order to facilitate OTRS's review and evaluation procedure for all proposals. Items to be included under each section are described below.

The proposal submitted in response to this RFP must include, at a minimum, the following sections:

1. Transmittal Letter
2. Executive Summary
3. Actuary's Expressed Understanding of Firm's Responsibilities
4. Firm's Detailed Cost Projection and Proposed Work Plan
5. Actuary's Qualifications
6. Firm Information
7. Sample of the Firm's Work

1. Transmittal Letter

The transmittal letter must be submitted on the firm's official business letterhead. The letter is to transmit the proposal and must identify all materials and enclosures being forwarded collectively as a response to this RFP. The transmittal letter must be signed in ink by an individual authorized to commit the consulting actuary to the scope of the work proposed at the price quoted in the firm's cost proposal. Specific items that the transmittal letter must include are as follows:

- The firm's name, home office address, address of the office providing the services under the contract, the telephone and fax numbers, and website address.
- A statement identifying those individuals who were involved in the preparation of the proposal.
- A Non-Collusion Affidavit

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- A reference to all RFP addenda received by the firm to ensure that the firm is aware of all such addenda; if no addenda have been received, a statement to that effect must be included.
- Certification that the firm's offer will be binding, without reference to the price submitted, for one hundred twenty (120) days from the due date of the receipt of proposals.

2. Executive Summary

The Executive Summary contains a condensed overview of the contents of each of the major sections of the proposal to provide members of the OTRS Evaluation Team with a broad understanding of the entire proposal. The Executive Summary should begin with an overview of the firm's organization and prior experience, identifying key employees who will serve OTRS and their qualifications. It should also present highlights from the Firm's Proposed Work Plan.

3. Actuary's Expressed Understanding of Firm's Responsibilities

This section must provide a clear, concise statement describing the firm's understanding of the engagement's scope and objectives, and the consulting actuary's responsibilities. This statement will demonstrate the responder's view of the nature of the engagement. If the statement differs from the contents of this RFP, the vendor should highlight those differences and identify, in detail, the rationale behind those differences.

4. Firm's Detailed Cost Projection

This section should identify the major tasks to be accomplished. The firm's proposal should include general duties, valuations, consultation and advisory services, as detailed in Section 2.2 and 2.3 of this RFP, to be performed in the initial contract period.

The costs projected for expanded services like the Experience Analysis and the Legislative Analysis should be stated separately. Responders must indicate hourly rates of compensation for additional services requested.

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Fees (Sample Cost Proposal Formats)

Detail and disclose all fees that will be associated with providing the services on which the Vendor is bidding under this agreement. The formats shown on page 13, 14 and 15 as well as the sample contract in Exhibit A are presented as examples of cost proposal formats.

- A. Actuarial valuation: A fixed fee, as shown below, would be charged for each annual valuation. This fee includes travel expenses associated with the meeting to present the report. The fee should also include the addendum required to meet the OTRS Board’s requirement detailed in (70 O.S. 2001, Section 17-106.1, Section H) and discussed on page 9 (Valuation Services) of this RFP.

Contract Year Ending:	Valuation Date	Fixed Valuation Fees
June 30, 2010	June 30, 2009	
June 30, 2011	June 30, 2010	
June 30, 2012	June 30, 2011	
June 30, 2013	June 30, 2012	
June 30, 2014	June 30, 2013	

- B. Experience analysis: Please indicate the fixed fee for this service. This fee includes travel expenses associated with the meeting to present this report. This item only applies to the contract year ending June 30, 2010.

- C. General Consulting Services: These services will be billed at the Vendors’ normal hourly billing rates, subject to an annual maximum, shown on the next page. Normal hourly billing rates vary by person assigned to do the work.

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Contract Year Ending	Maximum Fee for General Consulting Services
June 30, 2010	
June 30, 2011	
June 30, 2012	
June 30, 2013	
June 30, 2014	

The following is a chart of current hourly rates by kind/level of associate.

Position	Range of Hourly Rates
Senior Consultant	
Consultant	
Senior Analyst	
Actuarial Analyst	
Clerical and Support Staff	

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- D. Legislative Analysis: A fixed fee, as shown on the next page, would be charged for each piece of legislation or benefit proposal analyzed.

Contract Year Ending:	Fee per Legislative Analysis
June 30, 2010	
June 30, 2011	
June 30, 2012	
June 30, 2013	
June 30, 2014	

- E. Meetings and Travel Time: If Vendor is required to attend meetings with OTRS staff or with the Board of Trustees or with any other group on behalf of OTRS, other than for presentation of the Annual Valuation report or the Experience Study, Vendor will charge for actual meeting time at the standard hourly rate and will charge for travel time at a special “travel rate” equal to one-half the standard hourly rate.

OTRS estimates the total contract cost for all services performed, as specified in Sections 2.2 and 2.3 of this RFP, during the initial contract period should not exceed \$150,000.

This section must include any limitation on liability and indemnification clause which the responder intends to propose for the contract and what the difference in the cost would be, with, and without such limitations and whether the proposed cost will fluctuate depending upon the dollar limits of liability which might be

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proposed and by how much. In exercising its fiduciary duties, OTRS has not yet firmly determined the reasonableness and amount of such limitations but their consideration will be an elemental term and condition of the contract.

This section must also include a work plan consisting of established timeframes for delivery of the requested services. Responders may propose additional tasks or activities if they will substantially improve service delivery. The work plan must also indicate how the firm will organize its staff and the various duties they will perform to carry out the responsibilities defined in this RFP. Specifically it must identify the person(s) who will serve as consulting actuary(s) and any other support personnel performing work under the contract. OTRS prefers more than one consulting actuary be assigned to work for the agency so at least one actuary is available for immediate response to OTRS's needs.

No change in personnel assigned to the project will be permitted without the prior written approval of the Executive Secretary of the Oklahoma Teachers Retirement System.

5. Actuary's Qualifications

This section should provide summary information regarding the professional and experience qualifications of the supervising and support actuaries who shall perform work under the resulting contract. The consulting actuary must be regularly engaged in the business of providing actuarial services and have at least 15 years of service to major public employee retirement funds or be a Fellow of the Society of Actuaries.

6. Firm Information

This section of the proposal should present the highlights of the firm's corporate resources, including total staff, organizational structure, financial stability, technical environment and details of previous experience. Information in this section must include:

- The date the firm was established and ownership model (partnership, professional association, etc.).
- The number of employees (total and breakdown by division).
- The facilities and employees located in Oklahoma.
- Annual financial statements, preferably audited, for the two (2) most recent years.

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- A description of the computer hardware and software that will be utilized to provide the services identified in this RFP. This description should specify the system's location, configuration and its capabilities. The proposal should also describe any back-up computer systems and procedures, and the firm's ownership of the system.
- A description of the firm's experience with particular emphasis on work performed for other public employee retirement systems. At a minimum, this description should include a list of public employee retirement systems for which the firm currently provides actuarial services. Each reference must include the system name, contract time period, scope of services performed, approximate number of plan participants, and the number of years the firm has been retained. For three retirement systems, comparable in membership size to OTRS, the reference must include the name, address, and the current telephone number of the client's contract administrator or senior official who is familiar with the firm's performance and who may be contacted by OTRS during the evaluation process.

7. Sample of the Firm's Work

This section should contain a sample of the firm's actuarial work. This would preferably be a sample actuarial valuation of a public employee's retirement system or other governmental agency.

4.0 PROPOSAL ISSUES

4.1 Key Dates and Issues

The contract shall commence July 1, 2009 and continue through June 30, 2010. The resulting contract may be extended beyond the initial one-year term in one year increments at a price mutually agreed upon by both parties; however, the number of one-year extensions may not exceed four. Additional services to the contract may be negotiated separately by both parties in writing at a mutually agreed upon price.

4.2 Changing Circumstances

Potential responders should be aware of potential circumstances that could substantially impact the scope of work to be performed under the contract engagement. OTRS requires each responding firm to provide a statement indicating if it can accommodate these circumstances and deliver the services necessary in each situation. Estimated costs for these services should not be

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included in the bid proposal; OTRS expects the compensation for services related to the following conditions will be negotiated separately at the time of occurrence.

A. Currently the actuary retained by OTRS conducts annual actuarial valuations of OTRS's defined benefit plan. These actuarial valuations include:

(1) recommendations on the adequacy of support rates for the pension plan, (2) the required reserves of OTRS, and (3) the annual mortality gain or loss adjustments for the year. These actuarial valuations are performed as of each June 30 and reports are generally submitted to OTRS on or before the **September Board of Trustees Meeting**.

In the event the current statutory structure of actuarial responsibilities is changed, the consulting actuary should be prepared to conduct annual actuarial valuations of the OTRS defined benefit plan which are currently performed by the retained actuary. In addition to the annual actuarial valuations, an addendum is required to be prepared for the sole purpose of meeting the OTRS Board's requirement to submit this information to the Oklahoma State Pension Commission based on the prescribed assumptions detailed in (70 O.S. 2001, Section 17-106.1, Section H). Each valuation report would be required to be completed and submitted to the Executive Secretary of OTRS.

4.3 Conflict of Interest

The consulting actuary must provide OTRS with written assurance within two weeks of the beginning contract date that no conflict of interest exists between its relationship with OTRS and its relationship with other clients. If a conflict arises, OTRS's Executive Secretary reserves the right to unilaterally terminate the resulting contract on thirty (30) days written notice to the consulting actuary.

4.4 Compensation and Financial Requirements

OTRS estimates the total contract cost for all services performed (refer to Sections 2.2 and 2.3 of this RFP) during the initial contract period of one year should not exceed \$150,000. This maximum amount includes travel fees, communication costs, computer charges, and other expenses incidental to the resulting contract.

The state's contract language includes the following terms and conditions summarized below which a responder should be aware of in preparing a proposal.

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(1) Compensation will be for all services performed, unless a specific payment schedule is mutually agreed upon. The System does not make regular payments based on the passage of time; it only pays for services performed for work delivered after it is accomplished.

(2) Payment is only made after the submission of an authorized invoice to OTRS.

(3) No more than 90 percent of the full amount due under the contract may be paid until the final services of the contract have been reviewed by OTRS's Executive Secretary, and the Executive Secretary has determined that the contractor has satisfactorily fulfilled all of the terms of the contract.

4.5 Rights Reserved

This RFP does not obligate OTRS to fulfill the proposed contract engagement. OTRS reserves the right to amend any segment of the RFP prior to announcement of a successful contractor. In such an event, all responders will be afforded the opportunity to revise their proposal to accommodate the RFP amendments. OTRS also reserves the right to remove one or more of the services and contract deliverables from consideration for this contract engagement should the evaluation show that it is in OTRS's best interest to do so. OTRS may, at its discretion, issue a separate contract for any deliverable included in this RFP. Separate contracts may be awarded to multiple vendors if it is in OTRS's best interests to do so. Furthermore, OTRS may negotiate additional provisions to the contract awarded under this RFP, or cancel this solicitation for proposals, if it is considered to be in OTRS's best interest.

5.0 GENERAL PROPOSAL REQUIREMENTS

5.1 Proposal Submissions

In order to be considered for selection, proposals must be received at the address given below, and time stamped by OTRS no later than **3:00 p.m. Central Time on Friday, May 15, 2009.**

Any firm's response which is received after the deadline will not be evaluated. Receipt by OTRS of a proposal received after the closing date and time as stated above shall not be construed as acceptance of the proposal. Such late proposals will be logged as to date/time received and then subsequently returned to the late

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responder. If delivery of the proposal is not made by courier or in person, the use of certified or registered mail is suggested. NOTE: Use of certified or registered mail still requires the responder to have the proposal time stamped as specified above.

To facilitate the Evaluation Team's review of the proposal, firms must submit six (6) copies of each proposal. Each proposal must contain a transmittal letter (or copy thereof) that is signed in ink by an authorized member of the firm. Prices and terms of the proposal as stated must be valid for the length of any resulting contract. Proposals must be sealed in mailing envelopes or packages with the respondent's name and address clearly written on the outside. Package labeling should also indicate if the firm is submitting one or multiple packages (i.e. 1 of 2).

The package containing the original copy of the Transmittal Letter should be clearly labeled "Contains Original". Provide one copy of the cost proposal in a separately sealed envelope clearly marked on the outside "Cost Proposal" along with the firm's name.

Address for Submissions

All proposals must be sent to and received by:

Dixie L. Moody, Director of Operations
Oklahoma Teachers Retirement System

Express Mail or Commercial Courier Only

2500 N. Lincoln Blvd – 5th Floor
Oklahoma City, Oklahoma 73105 or

P.O. Box 53524
Oklahoma City, OK 73152

5.2 Questions about RFP

OTRS will respond only to questions that are presented through e-mail. Questions should be submitted in Microsoft Word format to Dixie Moody at dlm@trs.state.ok.us. These questions will be consolidated into a single Q&A document. All questions must be received by OTRS by 4:30 pm Central Time on Monday, April 27, 2009. The Q&A document will be posted on the OTRS website (www.ok.gov/trs) on or after Monday May 4, 2009. This will be the only

distribution method for the Q&A document unless specifically requested by the Vendor in writing or e-mail.

5.3 Affidavit of Noncollusion

Each responder must complete the attached Affidavit of Noncollusion and include it with the response (see Attachment B).

5.4 Sample Contract

You should be aware of the System's standard contract terms and conditions in preparing your proposal. A sample Contract is attached as Attachment A for your reference. Much of the language reflected in the contract is required by statute. If you take exception to any of the terms, conditions or language in the contract, you must indicate those exceptions in your response to the RFP. Certain exceptions may result in your proposal being disqualified from further review and evaluation.

5.5 Costs Incurred by Respondents

All costs of preparation and presentation associated with your response to this RFP will be the responsibility of the Vendor. Vendors may be asked to make a presentation before the Board if selected as a finalist. None of the costs associated with this presentation will be reimbursed by OTRS.

6.0 PROPOSAL EVALUATION

6.1 Objective of the Proposal Evaluation Process

The evaluation process is structured to secure compatible, highly skilled personnel who would be most effective in delivering the quality actuarial services that OTRS desires. The primary objective of the evaluation process is to select a firm that:

- * clearly demonstrates a thorough understanding of the contract responsibilities;

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- * presents an effective work plan that yields the desired contract services and deliverables;
- * possesses adequate resources to handle extenuating circumstances that may result during the contract period;
- * proposes highly skilled and experienced personnel to perform the duties under the contract;
- * maintains an untarnished reputation for providing quality services to other public employee retirement systems; and
- * is financially affordable.

The evaluation process will be conducted in four (4) phases:

- Phase 1 - Selection of Responsive Proposals
- Phase 2 - Evaluation of Proposals
- Phase 3 - Finalist Interviews (at OTRS's Discretion)
- Phase 4 - Selection of the Successful Contractor

At any time during the evaluation process, the responder may be requested to be interviewed or to provide explicit written clarification of any part of the proposal. Upon completion of the evaluation process, if a contract is awarded, the award will be made to the firm whose proposal conforms to all conditions and requirements of this RFP and will be most beneficial to OTRS. OTRS will notify unsuccessful responders in writing that their proposals have not been accepted.

6.2 Proposal Evaluation Participants

OTRS will establish a Selection Committee that will review and score all qualified proposals.

6.3 Proposal Evaluation Phases and Factors

Phase 1 - Selection of Responsive Proposals

Phase 1 of the evaluation process will be used to eliminate those proposals that do not meet the mandatory proposal requirements. The Selection Team will review

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all proposals to identify those proposals that do not qualify. Causes for rejection of a proposal as non-responsive under this phase include, but are not limited to:

- * failure to meet proposal//bid deadline
- * failure to sign the original copy of the Transmittal Letter;
- * failure to follow proposal formats outlined in Section 3.2;
- * failure to follow proposal requirements outlined in Section 5; and

Only those proposals found to be responsive to the RFP mandatory requirements will be considered for further evaluation.

Phase 2: Evaluation of Proposals

The Selection Committee will individually evaluate and score proposals based on established criteria. Any proposal that does not fall within a competitive range at the end of this phase will be excluded from further evaluation. During this phase, the Selection Committee will identify areas, if any, requiring further clarification. OTRS will notify responders if it has a question or if any issues exist requiring clarification and firms must then respond in writing within 72 hours.

Proposals will be evaluated on “best value” as 70 percent qualifications and 30 percent on cost considerations. The cost proposal will not be opened by the review committee until after the qualifications points are awarded. General criteria and weighting factors upon which the proposals will be judged include the following:

- * Expressed understanding of the contract responsibilities (10%);
- * Work Plan (10%);
- * Extent to which services will be performed within the U.S. (10%);
- * Cost Detail (30%); and
- * Qualifications of both firm and the consulting actuary (40%).

Phase 3 - Finalist Interviews

At OTRS's discretion, interviews may be used to validate the firm's responses to the RFP and to provide an opportunity for the Selection Committee and the Board

*Oklahoma Teachers Retirement System --
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of Trustees to meet the proposal key personnel. **OTRS expects the selection process to be completed by May 30, 2009.**

7.0 PROPOSAL ATTACHMENTS

Attachment A Sample Contract
Attachment B Affidavit of Noncollusion

The following may help provide further background information:

Actuarial Valuation Reports and Comprehensive Annual Financial Reports	www.ok.gov/trs
Oklahoma Teachers Retirement System	www.ok.gov/trs

SAMPLE CONTRACT FOR ACTUARIAL AND CONSULTING SERVICES

Between

Oklahoma Teachers' Retirement System (OTRS) and

WYZ CO.

For the period commencing July 1, 2009 and ending June 30, 2010

A. **Background Information**

1. WYZ CO. was selected following a competitive bidding process in which OTRS issued a formal request for proposals (RFP), enumerating the services to be performed. The Board of Trustees wishes to enter into a contract for actuarial services. This contract is intended to formally document the services previously enumerated in the RFP and proposal, and to set forth the fees to be paid.

B. **Services Required**

WYZ agrees to perform the following services:

1. **Actuarial Valuation.** WYZ CO. will prepare an actuarial valuation of OTRS as of **June 30, 2009**. If this contract is renewed, WYZ CO. will continue to prepare annual actuarial valuations as of June 30 in subsequent years. The actuarial valuation will include the following:
 - a. A summary of the applicable benefit and contribution provisions of OTRS.
 - b. Summaries of the demographic characteristics (age, service, pay, benefits, etc.) of the membership, including covered active members, inactive non-retired participants, and pensioners and beneficiaries.

- c. A summary of the assets held by the fund, including a reconciliation of the assets with the prior year's assets, calculation of an actuarial value of assets, and calculation of rates of return on both a market and an actuarial value basis.
- d. A summary of actuarial assumptions and methods used.
- e. Information necessary to comply with the requirements of Governmental Accounting Standards Board Statement No. 25 (or its successor).
- f. The effects of any new actuarial assumptions or methods.
- g. The effects of any new legislation adopted since the last valuation.
- h. The impact of a second valuation performed using assumptions required by OS Section 17-106.1(H) for the Oklahoma State Pension Commission.
- i. Other information currently being provided that is required to comply with Generally Accepted Actuarial Principles, Government Accounting Standards Board statements, or the Governmental Finance Officers Association's Component Unit Financial Report disclosure requirements.

The valuation will be presented in a written report, and it will be delivered in an oral report to the Board of Trustees. If all necessary member and financial data is received by **WYZ CO.** on a timely basis, a draft of the report will be provided to OTRS by **October 10**. Once comments are received on the draft, final reports will be provided at least seven days prior to the OTRS Board of Trustees meeting in October at which time the report will be presented, assuming the board meeting will be held on the fourth Wednesday of the month.

In order to meet this schedule, OTRS and its auditor must transmit data so that **WYZ CO.** is in receipt of all requested member data by **August 20 (13)** and all requested financial data by **September 15**.

- 2. Experience Analysis. **WYZ CO.** will review the current actuarial assumptions and actual experience in recent years with regard to mortality, disability, retirement, salary increases, terminations, and other factors. **WYZ CO.** will prepare an Experience Study discussing the review of these items and recommending any changes in actuarial assumptions that are deemed desirable. This report will be prepared before **June 30, 2010**, and after completion of the June 30, 2009 actuarial valuation. If this contract is renewed, the Experience Analysis shall not be part of the routine services in subsequent years during the renewal period.

3. General Consulting Services. **WYZ CO.** will serve in an advisory and review capacity to the Board of Trustees, the Executive Secretary, and OTRS staff. In this capacity, **WYZ CO.** will do research and analysis, provide written confirmation of the results, calculations or opinions, attend meetings and present findings and recommendations as required. The Board of Trustees meets on a monthly basis. Upon request, **WYZ CO.** will provide:
 - a. The actuarial and administrative implications of particular interpretations of the statutes and administrative rules governing OTRS.
 - b. The effect of existing and proposed state and federal laws that affect or may affect OTRS.
 - c. General assistance to OTRS, as requested, regarding the ongoing administration of the Systems Defined Benefit and Defined Contribution plans.
 - d. Technical advice on state and federal tax issues facing OTRS and/or its members.
 - e. Special actuarial calculations required by OTRS.
 - f. Consulting and advice with regard to general tax, regulatory and administrative issues affecting the 403(b) program.

4. Analysis of proposed legislation and benefit studies. **WYZ CO.** will prepare actuarial analyses of proposed legislation and proposed changes in benefits, at the request of the OTRS Board of Trustees and the Executive Secretary.

C. **Fees**

OTRS will pay the following fees for the services rendered under this agreement.

1. Actuarial valuation: A fixed fee, as shown below, would be charged for each annual valuation. This fee includes travel expenses associated with attending the OTRS September Board of Trustees meeting to present the annual report.

Contract Year Ending:	Valuation Date	Valuation Fees
June 30, 2010	June 30, 2009	
June 30, 2011	June 30, 2010	
June 30, 2012	June 30, 2011	
June 30, 2013	June 30, 2012	
June 30, 2014	June 30, 2013	

- Experience analysis: A fixed fee of **\$XX, XXX**. This fee includes travel expenses associated with attending the meeting to present this report to the OTRS Board of Trustees. This item only applies to the contract year ending **June 30, 2010**.
- General Consulting Services: These services will be billed at **WYZ CO.’s** normal hourly billing rates, subject to an annual maximum, shown below. Normal hourly billing rates vary by person assigned to do the work.

Contract Year Ending	Maximum Fee for General Consulting Services
June 30, 2010	
June 30, 2011	
June 30, 2012	
June 30, 2013	
June 30, 2014	

The following is a chart of current hourly rates by kind/level of associate.

Position	Range of Hourly Rates
Senior Consultant	
Consultant	
Senior Analyst	
Actuarial analyst	
Clerical and support staff	

- Legislative Analysis: A fixed fee, as shown below, would be charged for each piece of legislation or benefit proposal analyzed.

Contract Year Ending:	Fee per Analysis
June 30, 2010	
June 30, 2011	
June 30, 2012	
June 30, 2013	
June 30, 2014	

5. Meetings and Travel Time: If **WYZ CO.** is required to attend meetings with OTRS staff or with the Board of Trustees or with any other group on behalf of OTRS, other than for presentation of the annual valuation report or the Experience Study, **WYZ CO.** will charge for actual meeting time at the standard hourly rate and will charge for travel time at a special “travel rate” equal to one-half the standard hourly rate.

6. Other Expenses: Except for expenses associated with **WYZ CO.’s** attendance at one meeting per year to present the annual actuarial valuation report to the OTRS Board of Trustees and one additional meeting in the year ending **June 30, 2010** to present the results of the experience study, **WYZ CO.** will be compensated at cost, for travel and out-of-pocket expenses, such as delivery charges. We do not charge for computer usage, copy supplies, regular postage, or telephone usage.

7. OTRS will pay all invoices when received. Invoices will be submitted to OTRS no more frequently than monthly. All work will be billed as incurred, based on **WYZ CO.’s** standard hourly rates and actual travel costs, subject to the annual contractual maximums or fixed fees.

8. If either member or financial data is not correct when first transmitted to **WYZ CO.** by OTRS, **WYZ CO.** will be entitled to payment for any work which must be duplicated. Payment will be at **WYZ CO.’s** standard hourly rates. Legislative analysis is intended to cover normal bills and proposals, not bills or proposals that require a major study, such as proposals to change to a defined contribution plan or a cash balance plan. “General Consulting Services” does not include design, development or implementation of new systems or programs.

D. Other Provisions

1. Severability: If any part of the Agreement shall be held to be void or unenforceable, such part will be treated as severable, leaving valid the remainder of this Agreement notwithstanding the part or parts found to be void or unenforceable.
2. Term of Agreement: This Agreement shall have a term of one (1) year beginning on the effective date of **July 1, 2009**, and may be renewed by the Board of Trustees for four (4) additional one-year terms by giving notice of its intent to renew at least thirty (30) days prior to the anniversary date of this Agreement.
3. Assignment: Neither party to this Agreement may assign its rights or obligations under this Agreement or subcontract any of its obligations in whole or in part, without the express written consent of the other party.
4. Enforcement: If any legal action is necessary to enforce any of the terms or conditions of this Agreement, the prevailing party shall be entitled to recover its costs and reasonable attorney's fees incurred in addition to any other relief to which it may be entitled.
5. Additions/Changes: The Agreements herein may be altered only by written addendum properly executed by both parties. OTRS may contract with **WYZ CO.** for other services under separate written agreement.
6. Applicable Law: This agreement shall be governed by the laws of the State of Oklahoma.
7. Right to Audit: Any of **WYZ CO.**'s books, records, documents, accounting procedures, practices, or other items relevant to this contract are subject to examination by OTRS and/or by the Oklahoma State Auditor and Inspector.

- 8. Authority: Employment of an actuary is authorized by Section 17-106(18) of Title 70 of Oklahoma Statutes. The Teachers' Retirement System does not have employees who are qualified to perform the services required by the contract. The services contracted for are necessary and agency personnel will review the work product.

- 9. Termination of Agreement: This Agreement may be terminated by either party giving written notice to the other thirty (30) days prior to the intended date of termination.

SIGNED BY:

For the Oklahoma Teachers' Retirement System

James R. Wilbanks, PhD.
Executive Secretary

Date

For XYZ Company

Firm's Representative

Date

Attachment B



**State of Oklahoma
 Department of Central Services
 Central Purchasing Division**

**Certification for Competitive
 Bid and Contract
 (Non-Collusion Certification)**

In accordance with 74 O.S. § 85.22, a certification shall be included with any competitive bid or contract submitted to the State for goods or services.

Solicitation #: _____

A. For purposes of competitive bid or contract, I certify:

1. I am the duly authorized agent of _____, the bidder submitting the competitive bid herewith, for the purpose of certifying the facts pertaining to the existence of collusion among bidders and between bidders and state officials or employees, as well as facts pertaining to the giving or offering of things of value to government personnel in return for special consideration in the letting of any contract pursuant to said bid;

2. I am fully aware of the facts and circumstances surrounding the making of the bid to which this statement is attached and have been personally and directly involved in the proceedings leading to the submission of such bid; and

3. Neither the bidder nor anyone subject to the bidder's direction or control has been a party:

- a. to any collusion among bidders in restraint of freedom of competition by agreement to bid at a fixed price or to refrain from bidding,
- b. to any collusion with any state official or employee as to quantity, quality or price in the prospective contract, or as to any other terms of such prospective contract, nor
- c. in any discussions between bidders and any state official concerning exchange of money or other thing of value for special consideration in the letting of a contract.

B. I certify, if awarded the contract, whether competitively bid or not, neither the contractor nor anyone subject to the contractor's direction or control has paid, given or donated or agreed to pay, give or donate to any officer or employee of the State of Oklahoma any money or other thing of value, either directly or indirectly, in procuring this contract herein.

 Authorized Signature

 Certified This Date

 Printed Name

 Title

 Phone Number

 Email

 Fax Number