



# REQUEST FOR PROPOSAL

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San Joaquin County Employees' Retirement Association  
6 S. El Dorado Street, Suite 400  
Stockton, California 95202  
Phone: (209) 468-2163  
[www.sjcera.org](http://www.sjcera.org)

**Request for Proposal No. 2019-01**

## **ACTUARIAL CONSULTING SERVICES**

**For Calendar Years Ending**

**December 31, 2020 through December 31, 2024**

Proposals must be received no later than 4:00 p.m.  
Wednesday, September 11, 2019

## **KEY DATES**

Request for Proposals (RFP) issued:	August 7, 2019
Letter of Intent and Written Questions Due	August 21, 2019
Responses to Questions Posted on Website	No later than August 30, 2019
Due date for submission of proposals:	September 11, 2019
Possible Interview(s) of Finalists:	Sept. 30 – Oct. 11, 2019
Estimated Board Approval and Contract Execution:	November 8, 2019

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## **I. INVITATION**

The San Joaquin County Employees' Retirement Association (SJCERA) is issuing this RFP to solicit proposals from qualified actuarial firms to provide a range of actuarial services and actuarial advice to SJCERA's Board of Retirement and SJCERA staff. This search seeks to identify a potential full-service actuarial consultant. It is anticipated that SJCERA will enter into a five-year contract with the contract term beginning in 2020.

## **II. GENERAL INFORMATION**

### **A. Background Information**

SJCERA is a public retirement system established by the San Joaquin County Board of Supervisors effective June 28, 1946. SJCERA provides retirement, disability and survivors' benefits to eligible General and Safety members employed by the County of San Joaquin and nine other public employers:

- Lathrop-Manteca Rural Fire Protection District
- Mountain House Community Services District
- San Joaquin County Historical Society and Museum
- San Joaquin County Law Library
- San Joaquin County Mosquito and Vector Control District
- San Joaquin County Superior Court
- San Joaquin Local Agency Formation Commission
- Tracy Public Cemetery District
- Waterloo-Morada Rural Fire Protection District

SJCERA's nine-member Board of Retirement has exclusive control and fiduciary responsibility for administering the benefits and managing the investment of plan assets. The Board oversees the Chief Executive Officer and staff in the performance of their duties in accordance with the County Employees' Retirement Law (CERL), the Internal Revenue Code (IRC), the Public Employees' Pension Reform Act of 2013 (PEPRA) as adopted by the Board of Supervisors and Board of Retirement, and the bylaws, policies, and procedures adopted by the Board.

The nine-member Board of Retirement includes four trustees appointed by the San Joaquin County Board of Supervisors, the San Joaquin County Treasurer-Tax Collector, and four trustees elected by SJCERA members, one alternate retired member, and one currently vacant alternate member, elected by the Safety members.

As of December 31, 2018, SJCERA's membership included 8,091 active and inactive members and 6,051 retired members. Net assets totaled approximately \$3 billion as of June 30, 2019.

The Board of Retirement and SJCERA management are responsible for collecting, depositing, investing and managing trust funds for the purpose of providing benefits to members and their beneficiaries. SJCERA management and staff assist San Joaquin County in administering Post Employment Healthcare Plans for members. SJCERA management and staff are responsible for daily operations involving the administration of retirement, disability and death benefits, investments, member services, accounting, and information system management. Additional information regarding SJCERA's financial condition, investment policies and portfolio composition, and organization can be found in its [2018 Comprehensive Annual Financial Report \(CAFR\)](#) at [www.sjcera.org](http://www.sjcera.org).

## **B. Plan Information**

As a cost sharing, multiple-employer defined benefit plan for San Joaquin County and nine other participating employers located in San Joaquin County. Membership begins the first day of employment.

There are two membership types:

1. Safety members – Permanent employees engaged in the performance of active law enforcement, including probation officers and fire suppression employees and not generally covered by Social Security.
2. General members – All other eligible employees not classified as Safety members and covered by Social Security

A member's eligibility for retirement is as follows:

Tier 1 - A Tier 1 member may retire for service at age 50 or older with five years of service credit, and at least 10 years have elapsed since the date of membership. A General member may retire at any age with 30 or more years of service. A Safety member may retire at any age with 20 or more years of service.

Tier 2 - Employees entering public agency employment and public retirement system membership in California for the first time on or after January 1, 2013 are Tier 2. A Tier 2 member may retire for service with five years of service credit upon attaining the minimum retirement age: age 52 for General members and age 50 for Safety members.

Any SJCERA member, regardless of benefit tier, may retire at age 70 with no minimum service credit requirement.

### **C. Written Questions Related to the RFP**

Written questions will be accepted only via e-mail at [ActuaryRFP@sjcera.org](mailto:ActuaryRFP@sjcera.org). All questions must identify the RFP section and page number to which the question refers. Written questions to the above e-mail address will be accepted until 4:00 p.m. on Wednesday, August 21, 2019. Questions and responses thereto will be posted on SJCERA's website ([www.sjcera.org](http://www.sjcera.org)) no later than August 30, 2019.

### **D. Notice of Intent**

Each interested party must send a Letter of Intent to Propose to this RFP via e-mail to [ActuaryRFP@sjcera.org](mailto:ActuaryRFP@sjcera.org) on or before Wednesday, August 21, 2019. The Notice must include the title of the RFP to which you intend to respond, the single point of contact at your firm responsible for the RFP response and the telephone and e-mail information for this individual.

### **E. No Contact**

No contact with SJCERA board members and SJCERA staff regarding the contents of this RFP will be allowed during the pendency of this RFP, with the exception of the submitted written questions.

### **F. No Reimbursement for RFP Expenses**

SJCERA will not provide reimbursement for any fees, expenses, or other costs incurred in connection with this RFP including the costs of preparing the response, providing any additional information and attending an interview(s). All material submitted in response to this RFP will become the sole property of SJCERA. SJCERA expressly reserves the right to utilize any and all ideas submitted in the proposals received unless covered by legal patent or proprietary rights.

### **G. Interviews**

Interviews may be conducted at SJCERA's discretion. All Proposers selected for interview will be notified of the interview date(s) at least one week in advance.

### **H. Confidentiality**

All responses to this RFP become the property of SJCERA and will be kept confidential until such time as a recommendation for award of a contract has been announced. Thereafter, submittals are subject to public inspection and disclosure under the California Public Records Act. If a

Proposer believes that any portion of its submittal is exempt from public disclosure, such portion must be marked “Confidential.” SJCERA will use reasonable and legally permissible means to ensure that such confidential information is safeguarded to the extent that SJCERA, in its independent judgment, concludes that the information is in fact exempt from disclosure, but SJCERA will not be liable for inadvertent disclosure of such materials, data and information. If proposals marked “Confidential” in their entirety, SJCERA will not deny public disclosure of all or any portion of submittals so marked.

By submitting information with portions marked “Confidential”, the proposer represents it has good faith belief that such material is exempt from disclosure under the California Public Records Act and agrees to reimburse SJCERA for, and to indemnify, defend and hold harmless SJCERA, its officers, fiduciaries, employees and agents from and against: any and all claims, damages, losses, liabilities, suits, judgements, 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 SJCERA’s non-disclosure of any such designated portions of a proposal if disclosure is deemed required by law or court order.

### **III. SCOPE OF WORK**

#### **A. Introduction**

SJCERA is seeking a complete response from Proposers who can demonstrate that they possess the organizational, functional, and technical capabilities to offer and perform the services, and meet or exceed the requirements and service levels herein.

The actuary consulting services typically require four visits to Stockton, CA per year, including two Board of Retirement meetings each year to review the annual actuarial valuation.

Below is a summary of the actuarial projects:

- Actuarial Valuation
- Triennial Experience and Assumptions Study
- Actuarial and Government Table Updates and Testing including Factor Tables for the Pension Administration System
- Section 415(b) Monthly Limit Testing and Annual List of Affected Retirees
- Redeposit Factors and Bi-weekly Payment Schedules for Manual Service Purchase Calculations
- GASB 67/68 Financial Statement Disclosure Report

- CAFR Schedules
  - Summary of Actuarial Assumptions and Methods
  - Schedule of Active Member Valuation Data
  - Schedule of Retirees and Beneficiaries Valuation Data
  - Restraints and Beneficiaries Added to and Removed from Retiree Payroll
  - Solvency Test
  - Actuarial Value of Assets and Reserves
  - Summary of Plan Provisions
  - Schedule of Average Monthly Benefit Payments by Number of Years of Credited Service
  - Average Monthly Benefit by Years of Service Since Retirement
  - Year-end Membership Information, By Tier, By Participating Employer, By Membership Type
  - Salary Increase, Termination, and Withdrawal Assumptions
  - Assumed Probabilities of Separation from Active Membership
- Statement of Funding Policy
- PEPRRA Compensation Limits
- Retiree Cost-of-Living Adjustment (COLA)
- Age Adjusted 415(b) Limits
- Actuarial Consulting

Refer to [www.sjcera.org](http://www.sjcera.org) for current and past reports related to:

- [Comprehensive Annual Financial Reports](#)
- [Actuarial Valuations](#)
- [Actuarial Experience Studies](#)
- [GASB 67/68 Report](#)
- [Statement of Funding Policy](#)
- [Board of Retirement – General Information](#)

## **B. Term of Engagement**

A contract with an initial term of five (5) years is contemplated commencing January 1, 2020 and the contract may be extended beyond December 31, 2024 by mutual agreement of the parties by written amendment. SJCERA'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.

## **IV. MINIMUM QUALIFICATIONS**

1. The Proposer must be a professional actuarial services firm whose primary line of business includes providing actuarial valuation, experience

with investigations and analysis, actuarial audits, and pension consulting services to public pension plans, or similar entities of substantial size. At a minimum, the Proposer must have experience with defined benefit pension plans falling under the County Employees Retirement Law of 1937 or with defined benefit plans with assets that exceeded two billion dollars.

2. The Primary Actuary performing the work must be an Associates of the Society of Actuaries and an Enrolled Actuary. Any Supporting Actuary must be either an Associate of the Society of Actuaries, an Enrolled Actuary or have five years of actuarial pension and 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 and consulting services, experience analysis, and actuarial valuation assignments for multi-employer retirement plans with defined pension plans.
4. All actuaries performing the work must meet the professional qualification standards of the American Academy of Actuaries.
5. The Proposer 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.
6. The Proposer must provide its own work facilities, equipment, supplies and support staff to perform the required services.

## **V. PROPOSAL REQUIREMENTS**

### **A. Proposal Requirement**

Proposers must submit one (1) original and four (4) copies and one (1) USB flash drive of their proposal in a sealed package **no later than 4 p.m. PDT on Wednesday, September 11, 2019**. Proposals should be sent to:

Greg Frank  
RFP Coordinator  
San Joaquin County Employees' Retirement Association  
6 S. El Dorado Street, Suite 400  
Stockton, CA 95202

## **B. Proposal Form**

Proposals shall be printed double-sided, and prepared in a simple, economical manner, with the sections tabbed to match those in the RFP, and with all the pages numbered within in each section. The proposal shall be prepared succinctly, providing a straight forward, concise description of the Proposer's ability to meet the requirements of the RFP.

Proposals and cost schedule shall be valid and binding for 180 days following the proposal due date and will become part of the contract that is negotiated with SJCERA.

Failure to complete any question or request for information, in whole or in part, or any deliberate attempt by the Proposer to mislead SJCERA, may disqualify the Proposer. Each Proposer shall provide the following in addition to describing their qualifications and commitment to providing the required scope of services.

## **C. Proposal Content**

A complete Proposal shall include the following elements:

Section 1: Introduction and statement of understanding: an overall introduction to the proposal response including a statement of the Proposers understanding of the project.

Section 2: General Qualifications:

- i. Organizational structure of the Proposer including organizational charts.
- ii. Any material changes to the organizational structure that has occurred in the last five (5) years.
- iii. Length of time the Proposer has been performing actuarial consulting.
- iv. Length of time the Proposer has been performing actuarial consulting services specifically for defined benefit pension plans.
- v. Percentage of revenue derived from actuarial consulting services.
- vi. Number of full time professional actuarial consultants employed by the Proposer.

- vii. Describe the Proposer's compensation and incentive program for actuarial consultants. Explain how the actuarial consultants are evaluated and rewarded. Include a description of the compensation structure including incentives, bonuses, performance, ownership, and eligibility. Include any other information deemed relevant.
- viii. Discuss the Proposer's competitive advantage over other firms in providing actuarial consulting services.
- ix. For the Proposer's office that will be assigned to SJCERA, complete Exhibit B, listing actuarial projects for large employee benefit plans, large government units and other actuarial services the Proposer deems similar to the projects described in this RFP.
- x. Describe the Proposer's systems controls, security, and resources utilized to ensure the confidentiality and integrity of client data and information.
- xi. Describe how the Proposer evaluates their clients' satisfaction.

Section 3: Professional Staff Qualifications and Experience:

- i. List the name, title, and office location of the primary individual(s) who would be responsible for the SJCERA account.
- ii. Provide biography/profile/resume for each person identified above.
- iii. Describe what role the Primary Actuary will play in providing the required SJCERA services.
- iv. For the Primary Actuary list their actuarial valuation assignments for the past five (5) years. Include for each assignment the date of final report, whether the Actuary served as the primary or secondary Actuary, and the client's name.
- v. For the Primary Actuary and all Secondary Actuaries, state the length of time these individuals have worked together as a team. Also indicate the number of client relationships each is currently involved managing.

#### Section 4: Potential Conflicts

- i. Provide details of any potential conflicts of interest related to any other client relationships, SJCERA affiliates, SJCERA trustees or staff if awarded the engagement.

#### Section 5: Legal Situations

- i. Has any officer or principal or your organization been involved in litigation or legal proceedings related to any actuarial or other consulting activities? If so, provide a brief explanation and indicate the current status of proceedings.
- ii. Has your firm, within in the last ten (10) years been censured or fined by any regulatory body? If so, please indicate the dates and describe the situation.

#### Section 6: Additional Information

- i. Indicate whether or not subcontractors will be used in providing the required actuarial services to SJCERA. If so, describe the specific services that would be subcontracted, the name of the subcontractor, the cost to the Proposer for these services, and how the Proposer will control the quality of services provided to SJCERA.
- ii. SJCERA is interested in publishing a CAFR that contains financial and actuarial information based on the same one-year period. CAFRs are due June 30 following the calendar year end. SJCERA's valuations are also based on a calendar year. Please provide a timeline, including both SJCERA and Actuary deadlines, that would allow the production of the actuarial valuation and related CAFR schedules in time for the June 30 publication of the CAFR.
- iii. Describe the Proposer's experience working with investment consulting firms performing Asset/Liability studies.

#### Section 7: Fee Schedule

- i. SJCERA anticipates awarding an agreement to perform actuarial consulting services on a retainer basis paid in quarterly amounts. Please propose your retainer fee per Exhibit A and include as an attachment (per Section 10).

- ii. The fee must be all-inclusive, as no additional charges will be allowed. There will be no additional reimbursement for travel time or expenses, telephone costs, copying costs, etc.
- iii. For additional services requested by SJCERA that are not included within the scope of work outlined in this RFP, please indicate your hourly time charges.

**Section 8: References**

- i. The Proposer shall provide at least one former client reference for which the Proposer performed actuarial consulting services, similar to those described in this RFP, within the last three (3) years.
- ii. The Proposer shall provide at least three (3) current client references for which the Proposer performs actuarial consulting services, similar to those described in this RFP, within the last three (3) years.
- iii. The Proposer shall provide the following information for the references named in i and ii above:

Entity Name	
Entity Address	
Website	
Nature of Business	
Assets Under Management	
Total Plan Members	
Primary Contact Name, Title, Telephone Number, and Email	
Nature and Length of Relationship	
Description of Services Provided	

SJCERA reserves the right to contact any of the individuals/agencies provided above.

**Section 9: Attachments to Proposal**

The following is a list of required Attachments to the proposal:

- Proposer’s Financial Information or Audited Financial Statements
- Quality Control Review or Peer Review Report

- Example – Actuarial Valuation Report
- Example – Experience and Assumptions Study Report
- Example – GASB 67/68 Report
- Fixed Fee Schedule - Exhibit A
- Listing of Actuarial Projects – Exhibit B
- Sample Contract
- Additional Materials – materials and information not specifically requested for evaluation, but which the Proposer wishes to submit with the proposal.

## **VI. PROPOSAL SELECTION AND EVALUATION**

### **A. General Information**

Each proposal will be judged on its completeness and quality of its content. SJCERA reserves the right to reject any or all proposals and is not liable for any costs the Proposer incurs while preparing the proposal. All proposals will become part of the public file, without obligation to SJCERA. Upon the completion of the evaluations, SJCERA intends to negotiate a contract with the Proposer whose proposal is deemed to be most advantageous to SJCERA.

### **B. Presentations**

Proposers may be selected to give an oral presentation to SJCERA's Board of Retirement. Such presentation shall provide an opportunity for Proposers to clarify their proposal to ensure there is a mutual thorough understanding. SJCERA staff may interview selected Proposers and ask additional questions related to the proposal and the scope of work prior to an oral presentation to the Board of Retirement. Interviews and oral presentations are conducted at SJCERA's discretion. Proposers selected for an interview or oral presentation will be notified of the date at least one week in advance. Proposers invited to an interview or oral presentation will be responsible for making and paying for their own travel arrangements.

### **C. Scoring and Evaluation Criteria**

Proposals will be judged on completeness and quality of content. SJCERA is seeking to contract with a Proposer that has the appropriate qualifications using appropriate methodology to ensure delivery of a quality product, and that has extensive demonstration experience with, and an understanding of, similar projects.

SJCERA reserves the right to determine the best qualified Proposer and negotiate a final scope of service and cost, negotiate a contract with

another Proposer if an agreement cannot be reached with the selected Proposer, or reject all proposals. The selected Proposer will be required to enter into a professional services contract with SJCERA, which will incorporate the scope of service as part of the agreement.

It is the intention of SJCERA to enter into a long-term relationship with the selected Proposer. Therefore, multiple factors will be weighed to determine the awarded Proposer; price is not the sole criteria in determining the best solution for SJCERA.

## **VII. CONTRACT REQUIREMENTS**

### **A. Contract Award**

The award of a contract is accomplished by executing a contract with a written agreement that incorporates the entire RFP. Successful Proposers must agree to provide SJCERA with audit access on request during the term of the contract and for seven (7) years thereafter.

SJCERA shall have the right, in the first 12 months, to terminate this agreement upon 30 days written notice to the Proposer. Thereafter, either party shall have the right to terminate the relationship with or without cause upon 30 days written notice to the other party.

### **B. Contract Requirements**

The Proposer must be covered by Workers' Compensation Insurance, which will extend to and include work in California. In addition, the Proposer must also submit documents addressing general liability insurance, errors and omissions, fiduciary liability, cyber liability, automobile liability, and an indication that there is no conflict of interest on the part of the Proposer's submission of a proposal for the services being solicited under this RFP. The Proposer shall demonstrate willingness and ability to provide Certificates of Insurance within ten (10) days of the Notice of Contract Award.

### **C. Contract Approval**

SJCERA's selection of a successful Proposer shall not be binding until it has been approved by SJCERA's Board of Retirement.

# Exhibit A

## SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

### REQUEST FOR PROPOSAL No. 2019-01

FOR

### ACTUARIAL CONSULTING SERVICES

### SAMPLE FIXED FEE PROPOSAL

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NAME OF PROPOSER

Fees must be submitted in U.S. dollars in the format prescribed below. The proposed fixed fee must include all costs and expenses related to providing full-service actuarial consulting services as described in this RFP to SJCERA, including travel. Other unusual or extraordinary expenses may be allowed, but only if requested by the Proposer and authorized by SJCERA in advance. The proposed fixed fee must be guaranteed for the initial five-year term of the contract.

Annual Contract Term	Proposed Fixed Fee
Year 1	\$ _____
Year 2	\$ _____
Year 3	\$ _____
Year 4	\$ _____
Year 5	\$ _____
<b>TOTAL</b>	<b>\$ _____</b>

Hourly fee for services outside scope of this RFP: \$ \_\_\_\_\_

Proposer warrants that the proposed fee does not exceed those charged any other client for the same services.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

## Exhibit B

### SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

#### REQUEST FOR PROPOSAL No. 2019-01

FOR

#### ACTUARIAL CONSULTING SERVICES

### LISTING OF ACTUARIAL PROJECTS

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**NAME OF PROPOSER**

For the Proposer's office that will be assigned to SJCERA, list actuarial projects for large employee benefit plans, large government units and other actuarial services the Proposer deems similar to the projects described in this RFP.

Name of Entity	Assets Under Management	Total Plan Members	Years of Engagement	Scope of Work	Date(s) Completed