

ADDENDUM TWO QUESTIONS and ANSWERS

Date: January 10, 2019

To: All Bidders

From: Annette Walton/Nancy Storant, Buyers
AS Materiel State Purchasing Bureau

RE: Addendum for Request for Proposal Number RFP 5989 Z1 to be opened January 24, 2019, at 2:00 P.M. Central Time.

Questions and Answers

Following are the questions submitted and answers provided for the above mentioned Request for Proposal. The questions and answers are to be considered as part of the Request for Proposal. It is the Bidder's responsibility to check the State Purchasing Bureau website for all addenda or amendments.

Question Number	RFP Section Reference	RFP Page Number	Question	State Response
1.	V.C.	29	<p>Why are the services out to bid?</p> <p>Are they due to the expiration of the current contract or for other reasons?</p>	<p>The current contract is expiring. (See Neb. Rev. Stat. § 84-1503(2)(e) as cited to in the RFP.)</p> <p>The current contract is expiring June 30, 2019.</p>
2.			<p>What is the estimated budget for the services requested?</p>	<p>The current contract is located here: http://das.nebraska.gov/materiel/purchasing/contracts/pdfs/55476(o4)ren(1)awd.pdf</p> <p>The budgeted amount is not a determining factor of the bid process. Please provide the response that best meets the requirements of the RFP.</p>
3.			<p>In order to assist us in gaining a clear understanding of the scope of the work,</p> <p>please provide the annual fixed fee for actuarial services for the past five years.</p>	<p>The scope of work is included in Section V. of the RFP Please provide a response that best meets the requirements of the RFP.</p> <p>Please see response to Question 2.</p>
4.	II.M.	12	<p>Does the current contract for actuarial services</p>	<p>At present we do not; however, Nebraska statutes allow for political subdivisions (i.e., counties and schools) to make payments to the</p>

			have any political subdivisions using the contract as outlined in section M of the RFP?	contracted actuary under certain circumstances. (See Neb. Rev. Stat. §§ 23-2306 and 79-915, respectively.)
5.	V.B.1.g.	26	Is information available regarding the number of appearances that have been deemed necessary for the actuary to be in Lincoln in the last three years as described in V.B.1.g. of the RFP?	The number of appearances varies per year. The RFP includes information on the estimated number of appearances in Lincoln. The requirements of the RFP remain as written.
6.	V.B.4.a.	28	Are the reports described in V.B.4.a. of the RFP provided each quarter? This is unclear as it is said that they will be presented with the annual actuarial valuation, but then indicates that the results will be rolled forward for each quarter.	The reports must be delivered annually.
7.	V.B.4.a.	28	Please provide copies of the most recent separate projections reports for each System as detailed in item V.B.4.a. of the RFP.	Please see the links below. The projections have typically been included with the presentations to the Board. http://www.nebraska.gov/npers/RFP/SJP2018.pdf http://www.nebraska.gov/npers/RFP/StCo2018.pdf
8.	V.B.4.c.	28	Is a demonstration of the current open group projection modeling software described in V.B.4.c. available?	No.

			<p>If so, please provide information about accessing this.</p> <p>If not, please provide any reports or presentations, including information from this software, to allow us to see the format and content that are currently being used.</p> <p>In addition, can you clarify what is meant by “ability be updated as needed” in this item?</p>	<p>The software is proprietary to the current Contractor.</p> <p>Please see the response to Question 7.</p> <p>The projection software must be updated to properly reflect any changes in the law, including, but not limited to, changes tied to contribution rates, benefit changes, plan design changes, etc.</p>
9.	V.B.4.c.	28	For the open group projection modeling software outlined in V.B.4.c., is this for all of the systems, just the three systems specified in V.B.4.b., or some other subset of systems?	See the plans identified in paragraph V.B.4.a. of the RFP.
10.	V.B.5.d.	29	Please confirm that data will be available for all years since the previous experience study to permit completion of the experience study detailed in V.B.5.d. of the RFP.	The PERB and NPERS will provide all available information to complete the actuarial experience study.
11.	V.B.6.a.	29	How frequently are the benefit adequacy studies performed? The	Benefit adequacy studies are conducted when authorized and funded by the State pursuant to proper legislation and appropriation.

			<p>most recent we could find was August 2000. If there has been a study completed more recently, please provide it for each of the eight programs outlined in V.B.6.a.</p> <p>If there has been no study completed more recently, please indicate when the next study is to be completed.</p>	<p>The last benefit adequacy study was performed in August 2000.</p> <p>This is unknown at this time.</p>
12.	V.B.1.-7.	26-29	<p>Please provide information regarding the actuarial fees charged by the current consultant for the last three years. If possible, please provide this broken into the core services (those detailed in subsections B1, B2, B3, B4, B5, and B6 of the RFP) and supplemental services.</p>	<p>Please see response to Question 2.</p>
13.	V.B.1.	26-27	<p>If any information is available regarding the hours for consultation services related to the Systems for the last three years, please provide this information.</p>	<p>The consulting services for the last three years have been included in the all-inclusive annual price provided on the submitted cost proposal.</p>
14.			<p>Has an actuarial audit of any of the</p>	<p>Yes. There was one performed in 2008. It is</p>

			Systems been performed? If so, please provide the report from the most recent audit of each System.	located: http://www.nebraska.gov/npers/RFP/Milliman2008.pdf
15.	5989 Z1 Cost Proposal Final I.E.	3	<p>What is intended to be provided in the “unit of measure” column of the cost proposal?</p> <p>Also, page three of the RFP seems to indicate that the prices submitted on this form need to be the same for each of the first three years and that increases, not to exceed 3%, can be included for the optional renewal years, but the cost proposal form appears to indicate that the initial three years can vary in cost.</p> <p>Can you confirm the intent of the RFP’s conditions regarding the cost amounts for these first three years?</p>	<p>The unit of measure is already provided as a lump sum sign (\$) per year. Nothing needs to be entered in this column by the bidder.</p> <p>A fixed fee must be set for each year, but the cost can vary each year.</p>
16.	V.B.1.	26-27	<p>Can you provide an estimate of how many legislative cost studies are required per year? If available, please provide an example legislative cost study or fiscal impact.</p>	<p>The State cannot estimate how many legislative cost studies are required per year. The number varies based upon the number of legislative bills introduced by the policymakers.</p>

17.	V.A.1.-3.	25	Can you provide the number of employers for the County and School plans?	There are currently 265 employers in the School plan and 108 employers in the County plan. These numbers are subject to change due to consolidation, unification, merger, closing, opening, etc.
18.	V.B.3.a.	27	Regarding the GASB information for employers specified in V.B.3.a., is it intended that the consultant will provide a summary report that provides the results for all employers only or are full schedules for each employer required?	The full schedules are required. The links are provided in Section V.D of the RFP.
19.	V.B.2.	27	Please provide an approximate timetable that the membership and financial information has been provided for the actuarial valuations in recent years, either by System or divided between the June 30 year end plans and the December 31 year end plans.	The membership information is normally provided 4 to 6 weeks after the end of each plan year. The financial information is provided approximately 30 days before the valuation is due. This is subject to NPERS receiving all financial information needed to complete the year-end financial statements.
20.	V.B.1.g.	26	Will a proposal providing additional fees for days in Lincoln beyond 12 or other limitations on the work included in the flat fee, such as work supporting the auditors in excess of the 15 days or a legislative analysis of expansive	No. The days listed in the RFP are estimates and all consulting whether it be in person or otherwise must be included in the all-inclusive annual price provided on the submitted cost proposal.

			scope, be considered?	
21.	V.B.4.	28	Does NPERS own the current 30-year valuation projection model or is it used with a user license or on the Consultant's website or other format?	No. The NPERS projection modeling software is proprietary to the current Contractor.
22.	I.R.	6	Please provide copies of any presentations made by the current actuary to the Board, committees of the Board, or NPERS staff during the last three years.	See the links provided in section V.D. of the RFP. The link to the most current presentations to the Board can be found in the response to Question 7.
23.			Please provide copies of the most recent reports requested within this RFP, including: A. Actuarial valuations of the School Defined Benefit Plan B. Actuarial valuations of the Judges Defined Benefit Plan C. Actuarial valuations of the Patrol Defined Benefit Plan	Please see response to Question 22.

			<p>D. Actuarial valuations of the State Cash Balance Plan and ERBF</p> <p>E. Actuarial valuations of the County Cash Balance Plan and ERBF</p> <p>F. Actuarial reports under GASB 67</p> <p>G. Actuarial reports under GASB 68</p> <p>H. Annual 5-year projection report</p> <p>I. Annual 30-year projection report</p> <p>J. Output from the projection modeling software</p> <p>K. Actuarial experience study report</p> <p>L. Benefit adequacy study</p>	
24.			Please provide the current fees to provide each of the requested	Please see response to Question 2.

		<p>services:</p> <p>A. Actuarial valuations of the School Defined Benefit Plan</p> <p>B. Actuarial valuations of the Judges Defined Benefit Plan</p> <p>C. Actuarial valuations of the Patrol Defined Benefit Plan</p> <p>D. Actuarial valuations of the State Cash Balance Plan and ERBF</p> <p>E. Actuarial valuations of the County Cash Balance Plan and ERBF</p> <p>F. Actuarial reports under GASB 67</p> <p>G. Actuarial reports under GASB 68</p> <p>H. Annual 5-year projection report</p> <p>I. Annual 30-year projection</p>	
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			<p>report</p> <p>J. Output from the projection modeling software</p> <p>K. Actuarial experience study report</p>	
25.			<p>Please provide the hourly rates under the current contract for reach position:</p> <p>A. Consulting Actuary</p> <p>B. Actuary Manager</p> <p>C. Actuary Assistant</p> <p>D. Actuary Support Staff</p>	Please see response to Question 2.
26.			<p>For RFP Section II.K on Page 11, would the State be willing to accept a limitation of the contractor's liability?</p>	No.
27.			<p>What are the biggest financial, administrative, or other challenges that</p>	<p>These are the 3 top challenges in no particular order:</p> <p>Timely and accurate reporting from employers; Market activity and fluctuation; and Legislative changes.</p>

			NPERS faces in managing the systems?	
28.	Section I.E	Page 3	The RFP states that prices shall remain fixed for each year of the first three years of the contract. The cost proposal form seems to indicate that a different fixed fee can be set for each year. Could you clarify whether the same fixed fee must apply to all three years or just that a fixed fee must be set for each year, but they can vary by year.	Please see response to Question 15.
29.	Section III. G. 2.	Page 19	Are the amounts of required insurance coverage shown in the RFP consistent with the coverage of the current retained actuary or have they changed. If so, how have the coverage amounts changed and why? Are any/all of the insurance coverage amounts negotiable?	Please see response to Question 2. The insurance amounts are not negotiable.
30.	Section V	Page 25	Are there a total of 5 valuations prepared each year or 7 valuations, including the Equal Retirement	There are 7 valuations prepared each year. The Equal Retirement Benefit Fund valuations are separate from the State and County plan valuations, but are completed at the same time.

			Benefit Fund valuations?	
31.	Section V.1.I	Page 27	Do audits of the NPERS plans occur once each calendar year or is assistance with the State Auditor's office required more frequently?	The audits occur once each plan year. However, follow-up can be ongoing. The requirements remain as written in the RFP.
32.	Section V.3	Pages 27-28	<p>Please confirm that the actuary performs the allocations by employer for GASB 68 reporting for the cost-sharing multiple employer plans, i.e., School and County plans.</p> <p>Was this service directly outlined when the last RFP was issued (before the implementation of GASB 67 and 68)?</p>	<p>Please see response to Question 2.</p> <p>The current actuary performs reporting for GASB 67 and the allocations by employer for GASB 68. This was not included in the previous RFP issued before the implementation of these GASB requirements.</p>
33.	Section V.4	Page 28	One of the deliverables is a projection model. Is this for NPERS internal use only?	No. NPERS internal staff and the executive and legislative branches of State government have access to projection modeling software for considering legislative changes. The current software is proprietary to the current Contractor.
34.	Section V.4.a	Page 28	Paragraph (a) states that the projections will be based on the latest actuarial valuation results, rolled forward for each quarter. Projections typically model expected valuation results on each	Please see response to Question 6.

			future valuation date, not for each quarter. Please verify the result timeframes to be included in the projections (annual or quarterly).	
35.	Section V.5.d	Page 29	Please clarify the dates of the experience study – it appears that it will be done in 2020, but the requirement is prefaced by “If the contract is renewed for a second term...”	Section V.B.5.d is superseded and replaced with the following: The actuarial consultant shall complete an Actuarial Experience Study by December 31, 2020, using the four years ending June 30, 2019, or December 31, 2019, and at four year intervals thereafter or as required by the State Legislature. (See Neb. Rev. Stat. § 84-1503(4).)
36.	Section VI.2.i	Page 34	Please confirm that resumes, including three references, are required for <u>all individuals</u> who will be working on NPERS. Does this requirement extend to non-credentialed staff such as data analysts and clerical support? What type of references are acceptable for internal actuaries who are not consultants? Because some employees have spent their entire careers working for us, while others have worked with competitors who may be bidding on	The resume requirement does not extend to non-credentialed staff such as data analysts and clerical support. We require professional references for credentialed staff. These references must not work for the company responding to the RFP.

			this contract, is it acceptable to use professional references for these staff members from employees of our company?	
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This addendum will become part of the proposal and should be acknowledged with the Request for Proposal response.