

October 23, 2020

To: Prospective Proposers

From: Contracts Administrator

Subject: Question and Answer for RFP S20180 Actuarial Services

<p>The following page(s) contain responses to questions submitted by prospective Proposers. Do not submit the attached “Q&A” document in your proposal.</p>
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QUESTIONS & ANSWERS

The following questions have been submitted by prospective proposers. VTA has provided responses to the following questions to assist proposers in the preparation of their proposal. Some questions may have resulted in material changes to the instructions or technical aspects of the RFP. If so, those changes will be documented herein.

Q1.

Our only request is to receive the most recent valuation reports for both the Spousal Medical and the Retiree Dental and Vision Trusts.

A1. Please see attached.

Q2.

Please provide most recent copies of the following:

- 1) Pension actuarial report
- 2) OPEB actuarial report
- 3) GASB 67/68 accounting disclosures
- 4) GASB 74/75 accounting disclosures
- 5) Experience study report
- 6) Sample benefit estimate/calculation

A2. Please see attached for items 1, 3 and 5. For 6, benefit estimates/calculation format will vary by vendor. This RFP is not for OPEB valuations. The Spousal Medical Fund and Retiree Dental Vision/Fund actuarial reports are attached.

Q3.

How long has the current actuary been providing actuarial services?

A3. The current contract was established in 2016.

Q4.

Are there any service concerns and/or limitations with the current actuary?

A4. No.

Q5.

How many meetings, on average, has the actuary attended?

A5. Typically, 1 per year. Occasionally and as requested by the Board of Pensions: 2 per year.

Q6.

When is the actuary typically provided census data?

A6. Early January of each year.

Q7.

What were the fixed fees billed for the **OPEB actuarial valuation** in the last **three** years?

A7. This is not an RFP for OPEB valuations.

Q8.

What were the fixed fees billed for the **Pension actuarial valuation** in the last **three** years?

A8. 2020 - \$31,675; 2019 – \$30,750; 2018 - \$29,875

Q9.

What were the fees billed for the last experience study?

A9. 2017 – \$26,750 fixed fee

Q10.

What were the fees billed for benefit estimates and calculations?

A10. Current cost: \$290 fixed per estimate; ½ cost of estimate for final if completed within 12 months.

Q11.

What **special projects or out of scope services** has been billed over the last **two** years?

A11. Responses during actuarial audit; Ad hoc COLA analysis; Optional form factors analysis; COLA analysis

Q12.

What have been the **total fees** collected from the actuarial firm for the pension and OPEB consulting work over the last **three** years?

A12. For the Pension Plan, from January 2018 through August 2020: \$278,137
For the SMF and DVF, from January 2018 through August 2020: \$19,100

Q13.

Is it the VTA's preference to award a single contract to a single firm for the Santa Clara Valley Transportation Authority Amalgamated Transit Union (SCVTA-ATU), Local 265 Pension Plan; and/or the Spousal Medical Fund (SMF) and Retiree Dental/Vision Trust Fund (DVF) actuarial valuation services or will it consider separate awards to separate firms (one for the Santa Clara Valley Transportation Authority Amalgamated Transit Union (SCVTA-ATU), Local 265 Pension Plan and another to a separate firm for the Spousal Medical Fund (SMF) and Retiree Dental/Vision Trust Fund (DVF)?

A13. We will consider separate awards to qualify firms.

Q14.

When were the last full GASB compliant actuarial valuations completed for the SCVTA-ATU Pension Plan?

A14. The last GASB compliant actuarial valuation completed for the SCVTA-ATU Pension Plan is as of June 30, 2020.

Q15.

Can we receive a copy of the last full GASB 67/68 actuarial valuation and report?

A15. Not sure what you mean by full. Please see attached.

Q16.

What is the name of the firm that completed the last full actuarial valuation and reports for the SCVTA-ATU Pension Plan?

A16. Cheiron

Q17.

What were the fees charged by that firm for the previous full valuation of the SCVTA-ATU Pension Plan?

A17. Please see A8 above.

Q18.

Does VTA require separate valuations and report for the SMF plan and the DVF plan?

A18. Yes.

Q19.

Is the VTA requesting annual full valuations and reports or a biennial full valuation with an updated (roll-forward) valuation in interim years for the SMF plan and the DVF plan?

A19. The Board of Pensions will request valuation reports as they require them. However, typically, they do not request them annually.

Q20.

When were the last full GASB compliant actuarial valuations completed for SMF/DVF OPEB plans?

A20. SMF/DVF does not require GASB compliant actuarial valuations. For OPEB (although this RFP is not for OPEB), last GASB compliant actuarial valuation was as of June 30, 2020.

Q21.

What is the name of the firm that completed the last full OPEB actuarial valuation and reports for the SMF/DVF OPEB plans?

A21. Cheiron for the SMF/DVF; This RFP is not for OPEB.

Q22.

What were the fees charged by that firm for the previous full valuation of the SMF/DVF OPEB plans?

A22. 2018 - \$11,700 for SMF and 2018 - \$7,400 for DVF.

Q23.

Can we receive a copy of the last full actuarial valuation and reports for the SMF and DVF plans?

A23. Please see attached.

Q24.

Were any interim (updated or roll-forward) valuations performed for the SMF/DVF OPEB plans?

A24. Attached please find the last valuation reports for the SMF/DVF.

Q25.

What were the fees charged for interim (roll-forward) reports (if any) for the SMF/DVF OPEB plans?

A25. Please see A22

Q26.

Please provide descriptions and/or examples of any Supplemental Services that were performed by the previous Actuarial Services vendor (if any).

A26. Please see A11

Q27.

What are the anticipated requirements for onsite consulting, meetings, and/or presentations?

A27. The actuary must present the annual valuation results to the Board of Pensions, typically at its April meeting. As per A11, the actuary may be requested to attend other meetings, if necessary.

Q28.

Given the ongoing nature of the current COVID pandemic, can any meetings be performed using voice conference and/or web meeting services?

A28. During the current COVID-19 pandemic, meetings are being conducted via Zoom.

Q29.

What were the fees for each of the last five years for actuarial consulting services, broken out by actuarial valuations (pension, spouse medical fund, and retiree vision and dental), GASB 67/68 reports, experience studies, benefit determinations and other special studies?

A29. Please see A8, A9, A10, A12 and A22.
GASB Reports: 2020 - \$9,000; 2019 - \$8,750, and 2018 - \$8,500

Q30.

What are the hourly billing rates that the current actuary charges for other actuarial services or special projects beyond routine actuarial services?

A30. For the Pension Plan:

Principal Consulting Actuary: \$374 - \$512

Consulting Actuary: \$286 – \$435

Associate Actuary: \$199 - \$286

Senior Actuarial Analyst: \$175 - \$220

Actuarial Analyst: \$150 - \$199

Admin Staff: \$94 - \$115

Q31.

On page 8 of the RFP, the required minimum qualifications for both the Local 265 Pension Plan Actuarial Services and the Spousal MTF and Retiree DVTF Actuarial Services state that the proposer must be an FSA, MAAA and EA (Enrolled Actuary). Frequently, the Enrolled Actuary credential is not held by health actuaries because it is specific to pension actuarial work under ERISA. Would the VTA be willing to waive the EA requirement just for the work for the spousal medical and dental/vision trusts?

4. Why is the VTA issuing an RFP at this time? Are there any issues or concerns with the current consulting relationship?

A31. Minimum requirements will not be waived. Current contract is expiring. No issues with current vendor.

Q32.

Please provide a copy of the latest experience study.

A32. Please see attached.

Q33.

Please provide a copy of the latest valuation reports.

A33. Please see attached.

Q34.

Please provide a copy of the most recent actuarial report(s) for the SCVTA - ATU, Local 265 Pension Plan. This would include the GASB, FASB and funding reports, along with any other significant reports prepared annually by the actuary.

A34. Please see attached.

Q35.

Please provide a copy of the most recent actuarial report(s) for the Spousal Medical Fund and Retiree Vision and Dental Fund.

A35. Please see attached.

Q36.

RFP section VIII.A., item 2 refers to “automated (or manual where necessary) Benefit Determinations.” Does the “automated” refer to an online system where SCVTA staff could access and produce participant benefit determinations, or does it just mean that the actuary’s internal systems are expected to be automated and not manual?

A36. No, it refers to actuary’s internal systems.

Q37.

RFP section VIII.A., item 4 refers to “drafting of plan documents and amendments”. Has the incumbent actuarial firm traditionally prepared these documents or does your legal counsel draft the documents with input from the actuary?

A37. Actuary may provide benefit tables which are included in the plan document. Most plan documents and amendments are drafted by legal counsel and may require/request input from the plan actuary.

Q38.

What in-person attendance will be needed at Board of Pensions meetings? How will this change when the COVID-19 pandemic is over?

A38. Actuary will produce annual actuarial valuation report and present it the Board of Pensions, typically at its April Board meeting. They may be requested to attend other meetings, as necessary. Please see A27 and A28.

Q39.

Our standard consulting agreement terms and conditions include some limitation on liability for mere negligence or from consequential damages. Is Santa Clara open to accepting mutually-agreeable contract terms, which include some limitation of liability on the work performed by the contracting actuarial firm?

A39. VTA cannot provide an opinion without reviewing proposer’s suggested mutual indemnity and/or LOL language. Proposer must identify this language that it seeks to modify in the Exception FORM for review.