

Dear Prospective Professional Service Provider:

The purpose of this project is for the Oklahoma Police Pension and Retirement System (OPPRS) to engage an independent actuary (contractor), other than the OPPRS's retained actuary, Buck Consultants (Buck), to provide an evaluation sufficient to allow the contractor to express an opinion regarding the reasonableness and/or accuracy of valuation results, actuarial assumptions, application of the actuarial cost method and the actuarially determined contribution rate.

The OPPRS is requesting two proposals from qualified bidders:

- 1) a proposal for a limited scope actuarial audit, which would include a review of the most recent actuarial reports (valuation and experience study) of the plan and a test of the actuarial reports, providing a detailed report and presentation of the findings, and
- 2) a proposal for a full scope actuarial audit, which would include a complete actuarial valuation based on the same census data, assumptions and actuarial methods used by Buck, providing a detailed report and presentation of the findings. In addition to the full scope actuarial audit, the contractor would provide a review of the experience study, providing a detailed report and presentation of the findings.

The OPPRS is a multiple-employer, defined benefit pension plan providing service retirement, disability and death benefits to eligible participants, which include municipal police officers from the various member municipalities.

As of June 30, 2013, OPPRS has net assets of \$1.9 billion, and is funded from employer contributions, employee contributions, investment earnings, and dedicated insurance premium taxes. OPPRS has approximately 8,580 participants, of which 5,196 are active members, 2,441 retirees, 659 beneficiaries, 139 disabled members, 118 vested members, and 27 deferred option members.

In order to monitor the timeliness of your response and maintain confidentiality, it will be necessary for you to respond in writing as follows:

**Please submit one (1) paper copy and one (1) electronic copy on a compact disc (CD) of your RFP response and all accompanying documents to the address listed below. The paper copy and CD must be received no later than 4:00 p.m. CT on Friday, June 20, 2014. Proposals received after the specified date and time will be rejected. Please send your response to the following address:**

OPPRS Actuarial Audit Services  
c/o Finley & Cook, PLLC  
1421 E. 45<sup>th</sup> Street  
Shawnee, OK 74804

Finley & Cook will provide a certified list of vendors who responded in a timely manner. This list will be used by OPPRS to evaluate your response.

In addition, please email **one (1) email copy of the RFP and all accompanying documents to [darcie.gordon@opprs.ok.gov](mailto:darcie.gordon@opprs.ok.gov)** by Friday, June 20, 2014.

**Please note that your RFP response must be received by Finley and Cook at the address above no later than 4:00 p.m. CT on Friday, June 20, 2014 for your proposal to be considered. An e-mail version alone is not sufficient.**

Any questions regarding this proposal should be directed to Darcie Gordon at Oklahoma Police Pension and Retirement System at (405) 840-3555 ext 227. We look forward to your submittals.

# OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

## REQUEST FOR PROPOSALS ACTUARIAL AUDIT SERVICES

The Oklahoma Police Pension and Retirement System (“OPPRS” or “the System”), located in Oklahoma City, Oklahoma, is an agency of the State of Oklahoma which is governed by a Board of Trustees (“the Board”). The Board administers a cost sharing multiple-employer defined benefit pension plan for municipal police officers of 136 participating municipalities in Oklahoma, which shall be referred to in this Request for Proposals as the OPPRS Plan. OPPRS is soliciting proposals from qualified firms to provide actuarial audit services in accordance with the specifications, terms and conditions contained herein. This Request for Proposal (RFP) establishes the specifications and requirements for submitting proposals, and provides information about the proposal evaluation process. The term “Vendor” as used in this RFP shall mean the company, firm, or person submitting a proposal for consideration.

OPPRS reserves the right without prejudice to reject any or all proposals submitted. There is no express or implied obligation for OPPRS to reimburse vendors for any expenses incurred in preparing proposals in response to this RFP. In the event that none of the proposals are satisfactory to OPPRS, no selection will be made. Proposals submitted in response to this RFP become the property of OPPRS and are subject to public inspection. OPPRS reserves the right to modify the RFP contents and requirements at any time prior to the submission deadline.

This RFP is comprised of eight (8) sections, which contains ten (10) pages total, as follows:

Section		Page #
I.	Proposal Cover Sheet (to be returned with Proposal)	3
II.	Mandatory Requirements for Submitting a Proposal	4
III.	Background	5
IV.	Timeline	6
V.	Communication with OPPRS	6
VI.	Proposal Preparation and Submission Requirements	6
VII.	General Terms and Conditions	8
VIII.	Scope of Work	9

This RFP can be found on the OPPRS website at [www.opprs.ok.gov](http://www.opprs.ok.gov). If you are unable to download the document from the website, you can obtain an electronic copy of this RFP through e-mail. Send your request to: [darci.gordon@opprs.ok.gov](mailto:darci.gordon@opprs.ok.gov). All responses to this RFP must be submitted in accordance with the instructions contained in the RFP. Responses to this RFP via email only will **NOT** be considered.

Regardless of the manner in which the RFP document is received by the vendor, the contents of the RFP may not be altered in any way. The Vendor’s Affidavit must be identically reproduced in the submitted proposal. Any alterations to the contents of the RFP document will be grounds for rejection from consideration or termination of a resulting contract. By submitting an RFP, it is agreed by the vendor that any misleading or false information given may be grounds for rejection from consideration, or termination of any resulting contract whenever and however discovered.

**I. PROPOSAL COVER SHEET**  
 (Must be signed, notarized and returned.)

Proposal Name	Proposal Deadline
Actuarial Audit Services	must be received by <b>4:00 p.m. CT</b> <b>Friday, June 20, 2014</b>

Vendor Identification:

Name of Firm:	_____
FEI #:	_____
Address:	_____
	_____
City/State/Zip Code:	_____
Contact Name:	_____
Telephone Number:	_____
Facsimile Number:	_____
Contact E-mail:	_____

**VENDOR'S AFFIDAVIT**

STATE OF \_\_\_\_\_ )  
 ) SS:  
 COUNTY OF \_\_\_\_\_ )

\_\_\_\_\_ (Print Name), of lawful age, being first duly sworn, on oath says that:

1. (S)he is the duly authorized agent of \_\_\_\_\_, the vendor submitting this proposal which is attached to this statement for the purpose of certifying the facts pertaining to the existence of collusion among vendors and between vendors 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 the proposal to which this statement is attached;
2. (S)he is fully aware of the facts and circumstances surrounding the making and submitting of this proposal and has been personally and directly involved in the proceedings leading to the submission of such proposals; and
3. Neither the vendor nor anyone subject to the vendor's direction or control has been a party: a) to any collusion among vendors in restraint of freedom of competition by agreement to propose a fixed price or to refrain from submitting a proposal; 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 term of such prospective contract; nor, c) in any discussions between vendors and any state official concerning exchange of money or any other thing of value for special consideration in the award of this prospective contract; d) to paying, giving or donating or agreeing 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 prospective contract.
4. The information contained in this proposal is true, correct and accurate as presented.

\_\_\_\_\_  
 Name/Title

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_  
 Notary Public

(seal)

My commission expires: \_\_\_\_\_

Commission No.: \_\_\_\_\_

## II. MANDATORY REQUIREMENTS FOR SUBMITTING A PROPOSAL

- A. Proposals must be received by the deadline only at the following addresses:

**Via U.S. Mail / Hand-Delivery to:**

OPPRS Actuarial Audit Services  
c/o Finley & Cook, PLLC  
1421 E. 45<sup>th</sup> Street  
Shawnee, OK 74804

- B. The deadline for receipt of complete proposals is **4:00 p.m.** Central Time, on **Friday, June 20, 2014**. Proposals submitted to an incorrect address or location or received after this date and time will be rejected and will not be considered.
- C. The response must contain the Proposal Cover Sheet, fully completed, signed and notarized. Proposals should be formatted in substantial compliance with Section VI, *Proposal Preparation and Submission Requirements*. The vendor shall submit one (1) paper copy and (1) electronic copy on a compact disk (CD) of the RFP and all accompanying documents. Vendor shall also submit one (1) email copy of the RFP and all accompanying documents to [darcie.gordon@opprs.ok.gov](mailto:darcie.gordon@opprs.ok.gov) by **Friday, June 20, 2014**. Packages must be labeled as indicated in Section VI, *Proposal Preparation and Submission Requirements*. The Proposal Cover Sheet must be included in that paper copy and on the compact disk (CD) and must be submitted in a completely sealed package, box or envelope. It must be clearly marked "OPPRS Actuarial Audit Services" on the outside face of the package containing the proposal in order that the receiving agent (see paragraph A above) can see and identify it without opening the package. The sealed package must also show the vendor's name and address on the outside of the sealed container so that the receiving agent can provide a certified list of vendor's who responded in a timely manner without opening the package.
- D. Proposals may be mailed either by U.S. mail, express courier, or hand-delivered. The vendor shall be responsible for actual delivery of the proposal to the proper address before the deadline regardless of the delivery method used. All proposals become the property of OPPRS.
- E. All proposals are considered to be public record after they are opened and initially processed, and shall be available for viewing and reproduction by any person.
- F. In submitting this proposal, the vendor must agree to an audit which provides that books, records, documents, accounting procedures, practices or any other items of the service provider relevant to the proposal are subject to examination by OPPRS and the Oklahoma State Auditor and Inspector.
- G. It is the responsibility of the vendor to ensure compliance with all requirements and deadlines. Proposals which are not in compliance with each and every requirement contained in this RFP may be rejected.
- H. 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 OPPRS.

- I.** The selection of actuarial services for the state retirement systems is specifically exempt from the competitive bidding procedures established by Oklahoma Statutes (see 74 Oklahoma Statutes § 85.7). OPPRS reserves the right to request additional information from any vendor and to accept or reject any proposal without specifying the reason for its actions. The Board reserves the right to request additional proposals. Further, the Board specifically reserves the right to renegotiate for lower fees at any time with any vendor.
- J.** The Board also reserves the right to award all, part, or none of this contract. The Board reserves the right to award contracts to more than one vendor if deemed appropriate and desirable.
- K.** The vendor shall be bound by the information and representations contained in any proposal submitted. Said proposal is deemed to be a binding offer on the part of the vendor. Vendor agrees that Oklahoma law will govern.
- L.** Submission of a proposal in response to this RFP evidences the vendor's acceptance of the terms and conditions within the RFP.
- M.** The vendor shall respond fully and completely to all requested information contained in this RFP in good faith and to the best of its abilities.
- N.** The vendor must fully disclose any proposed subcontracting of any of the required services.
- O.** All vendors must agree that any resulting contract and services will be subject to and interpreted by Oklahoma law, and agree that this RFP and the vendor's response will be incorporated by reference to any resulting emerging market equity management agreement.

### **III. BACKGROUND**

#### **A. Legal Authorization**

The Board is charged with the administration and investment of retirement funds for municipal police officers. The Board is authorized to select a qualified actuary pursuant to 11 Oklahoma Statutes § 50-105.1(D).

#### **B. Board Composition**

The System is administered by a Board of Trustees composed of 13 members.

#### **C. Support Services**

The System currently has 10 employees, and has an authorized staff of 12 employees. The Executive Director is the Chief Investment Officer of the System.

#### **D. The OPPRS Plan**

The OPPRS Plan is a qualified governmental defined benefit plan established under I.R.C. Section 401(a) and 11 Oklahoma Statutes §§ 50-101 et seq.

#### IV. TIMELINE

The following timeline is an estimate and may be adjusted at OPPRS' discretion any time during this procurement process.

Issue RFP to interested firms	May 19, 2014
Deadline for clarification questions and requests for additional information	May 26, 2014
Deadline for delivery of proposals	June 20, 2014
Selection of firm at Board of Trustees Meeting	Scheduled for July 16, 2014
Selected firm notified	July 18, 2014
Date that contractor may contact Buck	August 1, 2014
Draft report due to OPPRS/Buck for comment	November 1, 2014
Final report due to OPPRS	December 15, 2014
Presentation to OPPRS Board	December 17, 2014

All proposals submitted in response to this RFP must be delivered to Finley & Cook, PLLC, OPPRS' external auditor, no later than **4:00 p.m.** Central Time on **Friday, June 20, 2014.**

#### V. COMMUNICATION WITH OPPRS

Direct contact between prospective service providers and OPPRS Board members during this RFP process is prohibited. Violation of this provision of the RFP may result in rejection of a bidder's proposal.

#### VI. PROPOSAL PREPARATION AND SUBMISSION REQUIREMENTS

Proposals submitted in response to this RFP should be prepared simply and economically, avoiding the use of elaborate promotional materials beyond those sufficient to provide a complete, accurate and reliable presentation. Each page of the proposal should be consecutively numbered. OPPRS assumes no financial responsibility for any costs incurred in responding to this RFP. All materials submitted in response to this RFP become the property of OPPRS and are subject to public inspection.

##### A. Proposal Packages

In addition to the submission requirements contained in paragraph *C* of Section II, *Mandatory Requirements for Submitting a Proposal*, vendors should properly identify on the exterior of the packages containing their proposals the firm name, street address or P.O. Box, City, State and Zip Code. As indicated above, the RFP title should be visible on the outside face of the package.

##### B. Proposal Preparation

Proposals should be prepared simply and economically, providing a straightforward, concise description of capabilities to satisfy the requirements of the RFP. Emphasis should be placed on completeness and clarity of content.

Proposals should be organized in the order listed in paragraph *C* below, *Proposal Contents*. All pages of the proposal should be consecutively numbered. All documentation submitted with the proposal should be contained in that single volume.

Ownership of all data, materials and documentation originated and prepared for OPPRS pursuant to the RFP shall belong exclusively to OPPRS and be subject to public inspection in accordance with the Oklahoma Open Records Act, 51 Oklahoma Statutes §§24A.1 et seq.

### **C. Proposal Contents**

Proposals submitted in response to this RFP must include, at a minimum, the information and documents outlined below.

1. The signed and notarized proposal cover sheet must be submitted on the compact disk.
2. The firm is a professional actuarial firm that provides actuarial valuations, experience investigations, and pension consulting services.
3. A general description of the firm, including size, number of employees, primary business, and other business or services offered.
4. The principal actuary who will be responsible for the OPPRS audit is a fellow of the Society of Actuaries (FSA), a member of the American Academy of Actuaries and is an enrolled actuary.
5. Summary information regarding the professional and experience qualifications of supervising and support actuaries and other personnel who will perform work under the contract.
6. A description of the firm's experience in providing actuarial and consulting services for small to mid-sized public employee retirement systems and a list of the public employee retirement systems for which the firm has performed services similar to those identified under "Scope of Work." Please indicate whether the audit was a full scope or limited scope audit.
7. Identification of at least three (3) former client references for which the firm has performed actuarial auditing services, similar to those described in this RFP, within the last five (5) years and at least one current client reference for which the firm has performed actuarial consulting or actuarial auditing services, similar to those described in this RFP, within the last three (3) years. OPPRS may contact any of these clients for reference purposes.
8. Provide details of any potential conflicts of interest related to any member of OPPRS' Board, management, staff or other client relationships if awarded the OPPRS engagement.
9. Provide details of any investigation, non-routine examination, complaint, disciplinary action or other proceeding of your firm commenced by any state or federal regulatory body or professional organization during the past five (5) years.
10. A description of your understanding of the requested services including your proposed approach in providing a limited scope and full scope actuarial audit.
11. At least one sample of an actuarial audit report relating to a public employees' retirement system prepared by the firm.
12. Proposed task outline and timing for both a full scope and a limited scope audit.

13. Estimated fixed fee, quoted on both a “best estimate” and “not exceed” basis for a limited scope and full scope actuarial audit. The proposed fee should include administrative, third-party, travel and other costs.
14. Attach a sample contract or agreement your firm uses for actuarial audit services.
15. The signature of an authorized representative of the firm acknowledging that such individual has the authority to enter into a contract as described in this RFP.

## **VII. GENERAL TERMS AND CONDITIONS**

### **A. Applicable Laws and Courts**

This solicitation and any resulting contract shall be governed in all respects by the laws of the State of Oklahoma, and any litigation with respect thereto shall be brought in the District Court of Oklahoma County, Oklahoma. The vendor shall comply with all applicable federal, state and local laws, rules and regulations.

### **B. Ethics in Public Contracting**

By submitting their bids or proposals, vendors certify that their bids/proposals are made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other vendor, supplier, manufacturer or subcontractor in connection with their bid/proposal, and that they have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of value, in exchange for procuring this contract.

### **C. Qualifications of Vendors**

OPPRS may make such reasonable investigations as deemed proper and necessary to determine the ability of the vendor to perform the services and the vendor shall furnish to OPPRS all such information and data for this purpose as may be requested. OPPRS reserves the right to inspect the vendor’s physical facilities prior to award to satisfy questions regarding the vendor’s capabilities. OPPRS further reserves the right to reject any proposal if the evidence submitted by, or investigations of, such vendor show that the vendor is not properly qualified to carry out the obligations of the contract and to provide the services contemplated therein.

### **D. Business Continuity**

The vendor must indicate any recent or anticipated changes in its corporate structure such as mergers, acquisitions, new venture capital, stock issue, etc. The vendor agrees to present to OPPRS a business continuation plan for this program in the event of natural or other disaster.

### **E. Assignment of Contract**

A contract shall not be assignable by the vendor in whole or in part without the written consent of OPPRS.

### **F. Award of Contract**

All vendors who have submitted a proposal will be notified of the Board's decision in writing after the final selection has been made. This notice of final selection may be the only communication between OPPRS and the vendors.

## **G. Limitation of Liability, Hold Harmless Clauses & Indemnity**

The State of Oklahoma and its agencies are constitutionally barred from limiting the liability of a private vendor. Agencies are similarly prohibited from holding a private entity harmless from liability or providing indemnity to a private entity. The contract between the successful vendor and OPPRS will not have any such terms.

## **VII. SCOPE OF WORK**

The purpose of the proposed audit is to have an independent actuary (contractor) audit the work of OPPRS' current actuary, Buck. The audit will review the most recent annual valuation and experience study for OPPRS to express an opinion and assure that the results presented are sound and reasonable.

The audit will include auditing and commenting on the reasonableness and appropriateness of the valuation methods, assumptions, certifications and conclusions of Buck. The audit will include the following:

- A. Determination of whether the actuarial methods, considerations and analyses used by the actuary Buck in preparing the most recent actuarial valuation are technically sound and conform to the appropriate Standards of Practice as promulgated by the Actuarial Standards Board. The review will include the following:
  - 1. Analyze the appropriateness of the actuarial assumptions, including the investment rate of return assumption;
  - 2. Review the actuarial assumptions and methodology for compliance with generally accepted actuarial principles, governing law, and board policies;
  - 3. Conduct a test of the valuation results of the most recent annual valuation using a mathematical model of plan activity or sampling based on the same data, methods, and assumptions used by Buck;
  - 4. Evaluate the test results and reconcile any significant discrepancies between the findings, assumptions, methodology, rates, and adjustments of the contracting firm and Buck;
  - 5. Provide an opinion as to the accuracy of the actuarial valuation results, including a determination of actuarial accrued liability, normal cost, and expected employer contributions;
  - 6. Assess whether the valuation appropriately reflects information required to be disclosed under required reporting standards (GASB, etc.).
  
- B. Determination of whether the actuarial methods, considerations and analyses used by the actuary Buck in preparing the most recent experience study are technically sound and conform to the appropriate Standards of Practice as promulgated by the Actuarial Standards Board. The review will include an analysis of the demographic and economic actuarial assumptions for consistency, reasonableness and compatibility.

The proposal will solicit two bids from each bidder - a bid for a full scope audit and a bid for a limited scope audit. Each bidder will include an explanation for each type of audit, detailing the relative benefits for full scope vs. limited scope.

The report prepared by the contractor shall provide an evaluation sufficient to allow the firm to express an opinion regarding the reasonableness and accuracy of the valuation results, actuarial assumptions, and application of the actuarial cost method. The report should include any recommendations or opinions regarding alternatives to the actuarial assumptions currently being used or in their application. In addition, the contractor shall provide any recommendations to improve the quality and understanding of the valuation report. The contractor shall prepare a draft report of their findings for review and comment by OPPRS and Buck prior to the issuance of the final report. The firm shall prepare the final report reflecting their findings and present such report to the Board of Trustees.