

6/15/2007

**REQUEST FOR PROPOSALS  
Consulting and Actuarial Services**

Issue Date: June 15, 2007

RFP # 2007-001R

Title: **JLARC Request for Consulting, Analytical, and Actuarial Services to Support Retirement Portion of State Employee Compensation Review**

Commodity Code: 946-12 (Actuarial Services and Retirement Planning)

Issuing Agency: Commonwealth of Virginia  
Joint Legislative Audit and Review Commission  
Suite 1100, General Assembly Building  
Capitol Square  
Richmond, Virginia 23219

Period of Contract: **Date of Award through December 31, 2008 (Renewable)**

Sealed proposals for furnishing services described herein will be received until **2:00 p.m., July 13th, 2007**, and then opened in public.

All inquiries for information should be directed to Glen S. Tittermary, Deputy Director or Justin Brown, Project Leader  
Telephone: (804) 786-1258. FAX (804) 371-0101. E-mail: gtittermary@leg.state.va.us or jbrown@leg.state.va.us

An optional preproposal conference will be held on June 29th at 10:00 a.m. in House Room 3, Capitol Extension, State Capitol, Richmond, VA 23219.

**ALL PROPOSALS, WHETHER MAILED OR HAND-DELIVERED, SHOULD BE DELIVERED DIRECTLY TO THE ISSUING AGENCY AT THE ADDRESS SHOWN ABOVE.**

In compliance with this Request for Proposals, and to all the conditions imposed herein, the undersigned offerors agree to perform consulting, analytical, and, actuarial services in accordance with the attached signed proposal or as mutually agreed upon by subsequent negotiations.

Name And Address Of Firm:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Printed Name

Signature in Ink

Title: \_\_\_\_\_

City State Zip  
FEI/FIN No. \_\_\_\_\_

Telephone: (\_\_\_\_\_) \_\_\_\_\_

Email: \_\_\_\_\_

Fax: (\_\_\_\_\_) \_\_\_\_\_

6/15/2007

**Note: This public body does not discriminate against faith-based organizations in accordance with the *Code of Virginia*, § 2.2-4343.1 or against a bidder or offeror because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment.**

**TABLE OF CONTENTS FOR RFP#2007-001R**

<i>Section</i>	<i>Page #</i>
I. Purpose	3
II. Background	3
III. Statement of Needs	6
IV. Proposal Preparation and Submission Instructions	11
V. Evaluation and Award Criteria	14
VI. Reporting and Delivery Instructions	15
VII. Preproposal Conference	16
VIII. General Terms and Conditions	16
IX. Special Terms and Conditions	22
X. Method of Payment	24
XI. Attachment	24

6/15/2007

## **I. PURPOSE**

The purpose of this Request for Proposal (RFP) is to solicit sealed proposals to establish a contract through competitive negotiation for the purchase of employee retirement system consulting, analytical, and actuarial services by the Joint Legislative Audit and Review Commission (JLARC). Staff of JLARC intend with this Request for Proposals to select a contractor with expertise in the areas of consulting and actuarial science pertaining to the administration and evaluation of public employee retirement systems.

## **II. BACKGROUND**

### **A. Joint Legislative Audit and Review Commission**

JLARC is the oversight agency of the Virginia General Assembly. Through analytic research and evaluation, JLARC helps ensure that the legislature is informed about State program operations, agencies fulfilling legislative intent, and programs operating efficiently, effectively, and economically. JLARC is comprised of 14 legislative members and the Auditor of Public Accounts as an *ex officio* member, and employs approximately 30 research staff. More information about JLARC can be found at: <http://jlarc.state.va.us>.

### **B. JLARC Study Mandate**

At its November 2006 meeting, JLARC directed its staff to study compensation for employees of the Commonwealth. The study mandate authorized staff to "hire consultants or experts it considers necessary for the completion of the study." Shortly following that meeting, staff began planning for the study and conducting preliminary research. Staff are reviewing all elements of employee compensation; however this RFP includes tasks for contractors that only address the portions of compensation related to retirement.

### **C. Virginia's Retirement System**

In summary, the State's and most Virginia locality retirement plans are managed by the Virginia Retirement System (VRS). The plans administered by VRS include the:

- VRS for State employees, school division employees, and political subdivision employees;
- Virginia Law Officers' Retirement System (VaLORS) for certain designated State employee groups such as correctional officers and the Capitol Police;
- State Police Officers' Retirement System (SPORS) for sworn State police officers; and
- Judicial Retirement System (JRS) for State judges, Commissioners of the State Corporation Commission, and the Virginia Workers' Compensation Commission.

In addition, political subdivisions may provide enhanced benefits equivalent to SPORS for their firefighters and law enforcement officers. This coverage, entitled Local Enforcement Officers Retirement System (LEOS), is a local option for police, deputy sheriffs, firefighters, regional jail officers and superintendents, among others. All sheriffs are covered through the LEOS plan.

As shown in Table 1 below, the school division employee retirement plan is the largest, followed by the political subdivision plans. The VRS manages retirement plans on behalf of 145 school divisions and 429 counties, cities, towns, and special authorities. LEOS members are included in the political subdivision membership.

<b>Table 1</b>			
<b>Virginia Retirement System Plans, Members, and Funded Status</b>			
	<i>Active Members</i>	<i>Retired Members</i>	<i>Funded Status</i>
School divisions/teachers	143,166	53,109	76%
Political Subdivisions*	101,538	30,069	96%
State Employees	77,891	40,027	83%
Virginia Law Officers' Retirement System	9,904	1,381	59%
State Police Officers' Retirement System	1,795	957	72%
Judicial Retirement System	415	399	72%
*Average funded status across all political subdivision plans.			

All of the above plans are defined benefit plans managed by VRS. While employed, the State and/or locality make contributions on behalf of the employee. Currently, those contributions include an employer contribution that varies each year based on actuarial requirements and an employee contribution equivalent to five percent of the employee salary that is also paid by the employer. Employees can retire when they meet the age and years of service criteria for their respective plan.

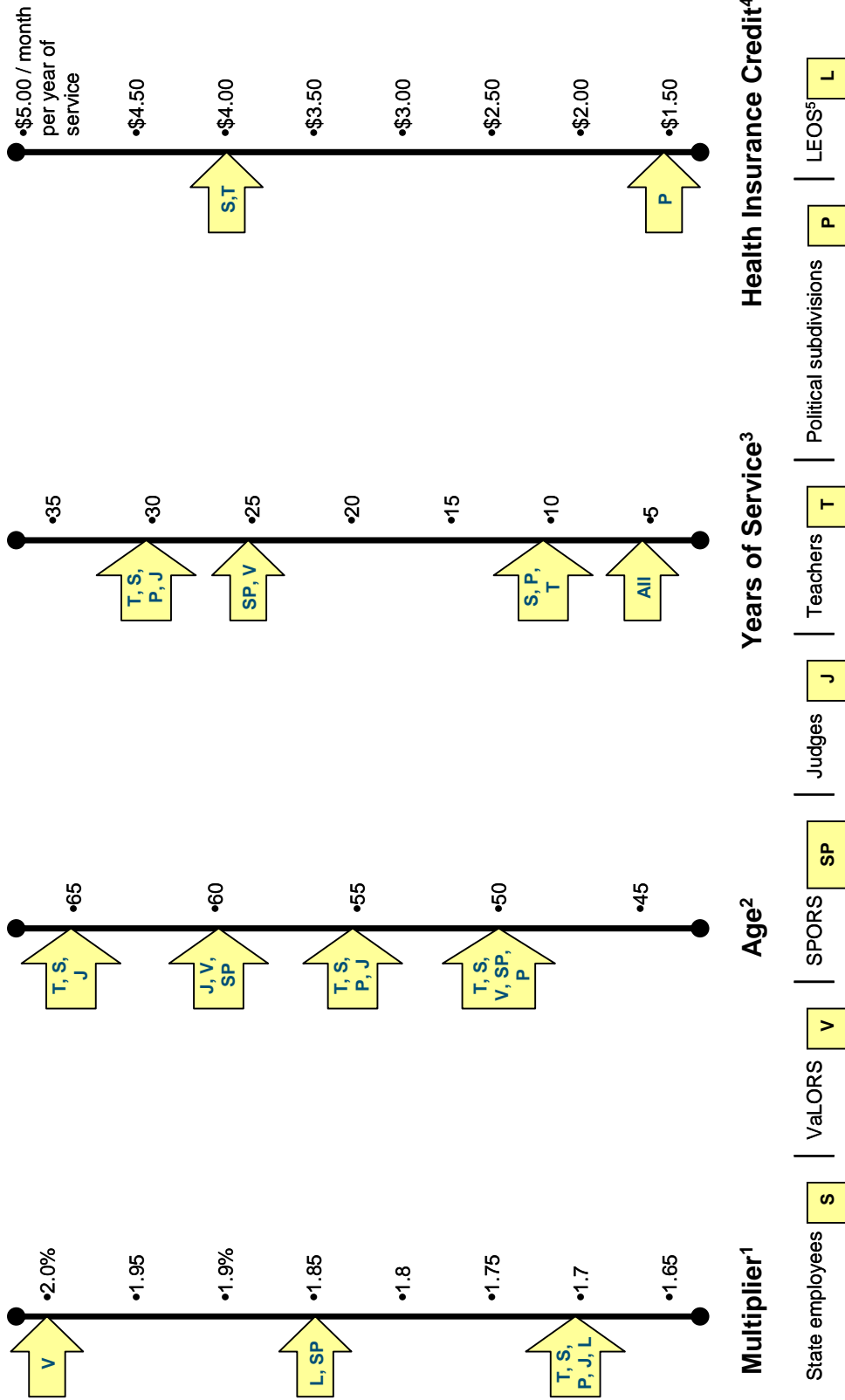
Once retired, employees are entitled to a guaranteed benefit for life. The benefit amount is based on (1) an average of the employee's highest 36 consecutive months of salary, (2) their years of eligible service, and (3) the benefit multiplier for their respective plan. The benefit amount is subsequently adjusted each year to keep pace with inflation (up to 5% annually). During retirement, school division employees, some political subdivision employees, and State employees are eligible to receive a health insurance credit based on their years of service. Additionally, those in the SPORS, LEOS, and VaLORS plans receive a hazardous duty supplement until they receive Social Security.

The VRS also includes an optional 457 deferred compensation plan that State employees may contribute to and several other defined contribution options for certain employees groups not being specifically addressed in this RFP.

Each of the defined benefit plans shown in Table 1 have different provisions. As shown in Figure 1, the multiplier, age, years of service, and amount of health insurance credit vary depending on the employee's respective plan. More information about Virginia's retirement plans can be found at:

<http://vrsguide.state.va.us/benefits.htm>

**Figure 1**  
**Virginia Retirement Plan Provisions That Vary by Plan and Membership**



¹ Some ValORS members have a 1.7% multiplier because those hired before 2001 were given the option of electing the 2.0% multiplier or keeping the 1.7% multiplier and maintaining eligibility for the hazardous duty supplement. Political subdivisions have the option to provide an enhanced multiplier for LEOS members.

² Some employee groups appear twice in both the Age and Years of Service categories because of reduced and unreduced retirement eligibility.

³ Judges' actual years of service are multiplied by a factor of 3.5 if appointed prior to 1995 and 2.5 if appointed after 1995.

⁴ Political subdivisions have the option to provide their employees with the health insurance credit, but are not required to do so.

⁵ LEOS is included with political subdivisions for age, years of service, and the health insurance credit.

### **III. STATEMENT OF NEEDS**

The overarching nature of the work requested is to provide a variety of consulting, analytical, and actuarial services to support JLARC staff as they broadly consider the advantages and disadvantages of Virginia's current defined benefit plans in comparison to hybrid or defined contribution plan designs. The remainder of this section provides specific information about each part of the work to be completed by the contractor.

#### **A. Part 1 - Planning**

The first part of the work to be completed by the contractor is a plan of work which shows the detailed tasks, methods, and activities to be used, and how the tasks will be scheduled to ensure completion of the work on time. Part 1 will begin at the time of contract award and specific planning tasks will be due shortly after contract award, with ongoing status reporting continuing through the duration of the contract. Part 1 includes three tasks as described below.

##### *Task 1.A – Prepare a detailed project plan*

Task I.A is a detailed project plan that identifies the specific work streams and milestones that the contractor will adhere to through the duration of the contract. The project plan should be a written document provided to JLARC staff no later than three weeks after contract award. JLARC staff will hold introductory and informational meetings with the contractor to inform completion of the project plan.

##### *Task 1.B – Prepare a detailed analysis and data plan*

Task I.B is a detailed analysis and data plan that identifies the specific analysis activities, data required, and milestones through the duration of the contract. The analysis and data plan should be a written document provided to JLARC staff no later than four weeks after contract award. JLARC staff will hold informational meetings with the contractor to inform completion of the analysis and data plan. The plan should identify the specific types of data that will be needed, where the data is located, how the contractor will ensure that sensitive information is appropriately managed, and the timeframes and considerations associated with obtaining and analyzing the data.

##### *Task 1.C - Participate in periodic status meetings / conference calls*

Task I.C is participation as requested in periodic status meetings or conference calls conducted by JLARC staff. Contractor staff of appropriate levels of responsibility and functional expertise will be expected to participate to (1) provide updates to JLARC staff on progress towards project and analysis and data plan milestones, and (2) contribute suggestions and ideas about other pending activities.

#### **B. Part 2 - Analysis of Retirement Plan Trends and Best Practices**

The second part of requested contractor support is intended to provide JLARC staff with information and analysis of trends, best practices, and innovations in the area of retirement benefits. Part 2 will begin at the time of contract award. The information and

6/15/2007

analysis will be provided consistent with the project plan approved in Task 1.A. Part 2 includes two tasks as described below.

*Task 2.A – Prepare a report on retirement plan trends, best practices, and innovations by other public and private-sector employers*

Task 2.A is a written report provided by the contractor to JLARC staff. The report should include information about trends, best practices, and innovations in retirement benefits. The report should also include information about considerations and potential pitfalls of the trends, best practices, and innovations. This information should be collected across the federal government, other states, local governments, and private sector employers. The report provided should at a minimum address the following topics: the prevalence, structure, and provisions of defined benefit, hybrid, and defined contribution retirement plans; balancing current year funding demands with long-term funded status; employer and employer share of funding contributions; criteria for and provisions of enhanced retirement benefits for law enforcement and other hazardous duty employees; health insurance benefits for retirees; and phased retirement and return-to-work provisions (especially for teachers, school superintendents, and nurses). The report should also address federal and legal considerations for changing retirement plan design, funding, and provisions for current retirees, active employees, and new employees.

*Task 2.B - Provide consultation and additional information as requested to JLARC staff regarding report provided in Task 2.A*

Task 2.B is consultation and additional information, as requested by JLARC staff, about the information provided in Task 2.A. The format of the consultation will be determined after JLARC staff have read and approved the written report provided in Task 2.A. It is likely that certain trends, best practices, or innovations being used by other employers may be of particular interest to JLARC staff. In these instances, JLARC staff may want additional information, such as more specific details about design, implementation, impact, or lessons learned. Additionally, specific legislative questions have been asked of JLARC staff that they may wish to request additional information about. These questions are in the areas of return to work provisions, enhanced benefits for law enforcement, modifications to the optional retirement system at universities, and judicial retirement.

### **C. Part 3 - Assessment of Virginia's Current Retirement Plan**

The third part of requested contractor support is intended to provide JLARC staff with the contractor's summary assessment of Virginia's current retirement plan design. The assessment will consider the current plan design in context of its intended purposes, and then be followed by specific recommendations to be considered in Part 4. Part 3 can begin at any time, consistent with the project plan approved in Task 1.A. However, the work conducted in Part 2 should inform work performed during Part 3. Part 3 includes two tasks as described below.

*Task 3.A – Assess the effectiveness of Virginia's current plan design, funding, and provisions against the intended purposes of the plans*

For each major retirement plan managed by VRS, the contractor should assess the extent to which the plan design, funding, and provisions facilitate (1) recruiting new

6/15/2007

employees, (2) retaining existing employees, and (3) allowing employees to retire at the appropriate time. JLARC staff will provide the contractor with qualitative and quantitative information to support these assessments. The output of this task will be working papers provided to JLARC staff that convey the contractor's assessments based on their experience with other retirement plans, existing data, and information provided by JLARC staff.

*Task 3.B - Recommend changes to Virginia's current plan design, funding, and provisions that would improve the achievement of the intended purposes of the plans*

Based on the assessment conducted in Task 3.A, the contractor should make recommendations about how the current plan design could be changed to better (1) recruit new employees (2) retain existing employees, and (3) allow employees to retire at the appropriate time. The output of this task will be working papers provided to JLARC staff that include specific recommendations, for each major retirement plan, designed to better achieve the plan purposes and address other considerations including short and long-term costs and employee and employer satisfaction.

**D. Part 4 - Analysis of the Projected Impact of Potential Plan Modifications**

The fourth part of contractor work is intended to provide JLARC staff with detailed analysis of the projected impact if specific changes were made to Virginia's current retirement system. Part 4 can begin at any time, consistent with the project plan approved in Task 1.A. However, the work conducted in Parts 2 and 3 should inform the specific changes selected for analysis during Part 4. Additionally, other work simultaneously conducted by JLARC staff will also influence the specific changes selected. Because the preceding tasks and other work will inform this task, the exact characteristics of the specific changes to be analyzed are not known at this time. However, the tasks in this part can be organized into those that are either refinements within the existing defined benefit structure, are consistent with a hybrid plan, are consistent with a defined contribution plan, or are a combination of different plans.

Much of the analysis in this part may be actuarial in nature, but more broadly will be designed to project the impact of the potential changes from both the employer and employee perspective. Table 2 identifies the major employer and employee impacts that would need to be addressed for each of the tasks required in Part 4. The table defines the categories of impact that changing Virginia's current retirement plan would have on (1) the ability to achieve the purpose of a retirement plan, (2) financing and cost, and (3) employer and employee satisfaction. These impacts are segmented by those on the employer, which would be either the State or a political sub-division, and employees. To characterize employee impact, several hypothetical employees with various levels of income and other characteristics would likely be used by the contractor to convey the different impact on various employees.

Upon initiation of Part 4, JLARC staff will work collaboratively with the contractor to determine the specific characteristics of the changes described below. The completion of these tasks needs to be consistent with JLARC staff completing a final report no later than October 2008. Consequently, these tasks will likely need to be started by late fall of 2007 and completed no later than spring of 2008.

Table 2		
<b>Specific Impact to Be Addressed in Part 4 Tasks</b>		
	<i>Employer (State / Locality)</i>	<i>Employee</i>
<b>Purpose</b>	<p>How would the potential change affect the employer's ability to:</p> <ul style="list-style-type: none"> <li>• <i>recruit</i> qualified staff?</li> <li>• <i>retain</i> qualified staff?</li> <li>• Allow employees to retire at the appropriate time?</li> </ul>	<p>How would the potential change affect the attractiveness of the retirement benefit to potential and current employees?</p> <p>How would the potential change affect the employee's ability to retire at the appropriate time?</p>
<b>Financial</b>	<p>How would the potential change affect the annual amount the employer:</p> <ul style="list-style-type: none"> <li>• contributes towards employee retirement?</li> <li>• would pay during retirement?</li> </ul> <p>How would the potential change affect the:</p> <ul style="list-style-type: none"> <li>• financial risk the employer assumes?</li> <li>• plan's funded status?</li> <li>• predictability and controllability of costs?</li> <li>• investment strategy and risk/return?</li> </ul> <p>What would be the financial impact to the employer in terms of:</p> <ul style="list-style-type: none"> <li>• cost to implement the potential change, including administrative costs?</li> <li>• cost during the transition from the current approach to the potential change?</li> <li>• the net present value cost and payback period of the potential change from the employer's perspective?</li> </ul> <p>How would the potential change impact the employer in terms of cost related to disability?</p> <p>What are the other financial impacts, if any, of the potential change?</p>	<p>How would the potential change affect the annual amount the employee:</p> <ul style="list-style-type: none"> <li>• contributes towards their retirement?</li> <li>• would likely receive during retirement (income replacement)?</li> </ul> <p>How would the potential change affect the financial risk (investment and inflation) the employee assumes:</p> <ul style="list-style-type: none"> <li>• while employed?</li> <li>• during retirement?</li> </ul> <p>How would the potential change affect the income available to employees if they become disabled?</p> <p>What are the other financial impacts, if any, of the potential change?</p>
<b>Satisfaction</b>	<p>How would the potential change impact the ease of plan administration and other employer concerns?</p> <p>What are the other impacts, if any, of the potential change?</p>	<p>How would the potential change impact the employee's ease of participating in the plan and level of choice and flexibility?</p> <p>What are the other impacts, if any, of the potential change?</p>

*Task 4.A - Assess the projected impact of adjustments and changes within the existing defined benefit plan design for non-law enforcement plans (VRS, school divisions / teachers, political sub-divisions)*

The assessments of projected impact should, consistent with the impact areas identified in Table 2 above, at a minimum address: changes in the retirement age and years of

6/15/2007

service; changes to the multiplier; implementation of a graduated multiplier that increases as the employee's years of service increase; and the use of traditional defined benefit disability plan for those not in managed disability. The output of this task will be working papers provided to JLARC staff.

*Task 4.B - Assess the projected impact of adjustments and changes within the existing defined benefit plan design for law enforcement / hazardous duty plans (SPORS, VaLORS, LEOS)*

The assessments of projected impact should, consistent with the impact areas identified in Table 2 above, at a minimum address: the use of the hazardous duty supplement; changes in the retirement age, years of service, multiplier, and disability; and changes in the plans and current law enforcement employees groups that are included in the plans (including the criteria such as police power, hazardous duty, job-death and injury by which various sub-groups of the broader law enforcement community are given enhanced benefits). The output of this task will be working papers provided to JLARC staff.

*Task 4.C - Assess the projected impact of changing the current defined benefit plans to hybrid retirement plans*

The assessments of projected impact should, consistent with the impact areas identified in Table 2 above, at a minimum address: adopting a hybrid retirement plan similar or identical to the one used by the federal government; and adopting a hybrid retirement plan similar or identical to one used by a state government identified in Part 2 as a best or innovative practice that has a track record of demonstrated fiscal sustainability and effectiveness in achieving the intended purposes of the retirement plan. The output of this task will be working papers provided to JLARC staff.

The assessments would likely consider implementation options including: allowing current and future employees a period of time to switch into the hybrid plan; allowing only current employees a period of time to switch into the hybrid plan, but automatically placing future employees into the plan; and not allowing current employees to switch into the hybrid plan and automatically placing future employees into the plan.

*Task 4.D - Assess the projected impact of changing the current defined benefit plans to defined contribution plans*

The assessments of projected impact should, consistent with the impact areas identified in Table 2 above, at a minimum address: adopting a defined contribution plan similar or identical to one used by a large, long-standing, multidisciplinary private sector organization identified in Part 2 as a best or innovative practice that has a track record of demonstrated fiscal sustainability and effectiveness achieving the intended purposes of the retirement plan; and adopting a defined contribution plan similar or identical to one used by a state government identified in Part 2 as a best or innovative practice that has a track record of demonstrated fiscal sustainability and effectiveness achieving the intended purposes of the retirement plan. The output of this task will be working papers provided to JLARC staff.

The assessments would likely consider implementation options including: allowing current and future employees a period of time to switch into the defined contribution

plan; allowing only current employees a period of time to switch into the defined contribution plan, but automatically placing future employees into the plan; and not allowing current employees to switch into the defined contribution plan and automatically placing future employees into the plan.

#### **E. Part 5 - Ongoing Follow-up (As Needed)**

The complicated and cumulative nature of these tasks suggests that additional work may be necessary that is not addressed in this RFP. Throughout the course of the contract, JLARC staff may wish to work with the contractor to identify additional areas of support. These areas of support may include additional information about how other organizations structure their retirement systems, and additional analyses about the effectiveness of the current system or impact of changes to the current system. The additional support may also include attendance at meetings or briefings. The need for and extent of this ongoing follow-up will largely depend on three factors:

- (1) The extent to which the requested tasks as envisioned ultimately provide JLARC staff sufficient information necessary to complete the project;
- (2) Overall progress as measured against the October 2008 deadline for project completion; and/or
- (3) Funding constraints.

#### **F. Legislative Staff Involvement with Contractor**

Concurrent with work in Parts 1 through 5 above, JLARC staff should be involved in the work completed by the contractor. When working on assignments, the contractor should have regular contact with JLARC staff to detail their work activities, progress towards the project plan discussed in Task 1.A, and the possibility of additional assignments. This contact should be either verbal (in person or by telephone) or in writing. The contractor will provide JLARC staff with sufficient advance notice of all interviews, site visits, and document reviews to be performed in connection with assignments. JLARC staff reserve the right to accompany the contractor on all site visits, interviews, document reviews, and other activities related to contract assignments.

### **IV. PROPOSAL PREPARATION AND SUBMISSION INSTRUCTIONS**

#### **A. General Requirements**

1. RFP Response. In order to be considered for selection, offerors must submit a complete response to this RFP. One (1) original and eight (8) copies of each proposal must be submitted to JLARC staff. No other distribution of the proposals shall be made by the offeror.
2. Proposal Preparation.
  - a. Offerors may contact the Virginia Retirement System for the purposes of reviewing records, collecting data, or interviewing VRS personnel in relation to proposal preparation. Requests for VRS to provide information should be reasonable and directly relevant to the offeror's proposal.

- b. Proposals shall be signed by an authorized representative of the offeror. All information requested must be submitted. Failure to submit all information requested may result in the purchasing agency requiring prompt submission of missing information and/or giving a lowered evaluation of the proposal. Proposals which are substantially incomplete or lack key information may be rejected by the purchasing agency. Mandatory requirements are those required by law or regulation or are such that they cannot be waived and are not subject to negotiation.
- c. Proposals should be prepared simply and economically, providing a straightforward, concise description of capabilities to satisfy the requirements of the RFP. Emphasis should be on completeness and clarity of content. Unnecessarily elaborate brochures, art work, expensive paper, and other presentations beyond that sufficient for a complete and effective proposal are not desired.
- d. Proposals should be organized in the order in which the requirements are presented in the RFP. All pages of the proposal should be numbered. Each paragraph in the proposal should reference the paragraph number of the corresponding section of the RFP. It is also helpful to cite the paragraph number, subletter, and repeat the text of the requirement as it appears in the RFP. If a response covers more than one page, the paragraph number and subletter should be repeated at the top of the next page. The proposal should contain a table of contents which cross references the RFP requirements. Information which the offeror desires to present that does not fall within any of the requirements of the RFP should be inserted at an appropriate place or be attached at the end of the proposal and designated as additional material. Proposals that are not organized in this manner risk elimination from consideration if the purchasing agency is unable to find where the RFP requirements are specifically addressed.
- e. Each copy of the proposal should be bound in a single volume where practical. All documentation submitted with the proposal should be bound in that single volume.
- f. Ownership of all data, materials, and documentation originated and prepared for the State pursuant to the RFP shall belong exclusively to the State and be subject to public inspection in accordance with the Virginia Freedom of Information Act. Trade secrets or proprietary information submitted by an offeror shall not be subject to public disclosure under the Virginia Freedom of Information Act (*Code of Virginia*, §2.2-3700 et seq); however, the offeror must invoke the protections of subsection B of §2.2-4317 of the *Code of Virginia*, in writing, either prior to or upon submission of data and other materials. The written notice must specifically identify the data or materials to be protected and state the reasons why protection is necessary. The proprietary or trade secret material submitted must be identified by some distinct method such as highlighting or underlining and must indicate only the specific words, figures, or paragraphs that constitute trade secret or proprietary information. The classification of an entire proposal document, line item prices and/or total proposal prices as proprietary or trade secrets is not acceptable and will result in rejection of the proposal.

- g. The Commonwealth will not pay any costs that any contractor incurs in preparing a proposal and reserves the right to reject any and all proposals received.

**B. Specific Requirements**

1. Proposals should be as thorough and detailed as possible so that JLARC staff and others may properly evaluate the Contractor's capabilities to provide the required services. Offerors are required to submit the following items as a complete proposal:
  - a. The RFP cover sheet and addenda, if any, signed and completed as required.
  - b. Complete Offeror Data Sheet (ATTACHMENT A of this RFP).
  - c. A written narrative statement including:
    - (1) Information which reflects the qualifications of the offeror to provide services including expertise in actuarial analysis of state pension funds, and experience with pension fund consulting generally and within a legislative environment.
    - (2) The expertise of participating personnel, the proportion of their time available for this contract, and a description of their education, training, and experience which will ensure that all personnel assigned to perform under any resultant contract shall be capable and qualified in the work assigned to them.
  - d. Resumes of all staff committed to the contract.
  - e. The names and qualifications of all subcontractors proposed for use on this contract.
  - f. Evidence of affiliation with professional associations.
  - g. Letters of reference and contact information and brief description of work performed from one (1) current client for which the offeror provides services similar to those requested in this RFP.
  - h. Letters of reference and contact information and brief description of work performed from two (2) previous clients for which the offeror provided services similar to those requested in this RFP.

**V. EVALUATION AND AWARD CRITERIA**

**A. RFP Evaluation Criteria**

Proposals shall be evaluated by JLARC staff and others designated by JLARC staff by the criteria and weighting shown below in Table 3.

Table 3 <b>RFP Evaluation Criteria</b>		
<i>Category and Weight</i>	<i>Sub-criteria, Weight, and Definition</i>	
<b>Technical (75%)</b>	Consistency with Scope of Tasks Requested (25%)	<ul style="list-style-type: none"> <li>• Extent to which requested tasks are addressed within each part</li> </ul>
	Consistency with Depth / Specificity of Tasks Needed (30%)	<ul style="list-style-type: none"> <li>• Extent to which tasks addressed demonstrate sufficient depth and understanding of subject matter</li> <li>• Degree of specificity and rigor conveyed in tasks addressed</li> </ul>
	Past Performance (20%)	<ul style="list-style-type: none"> <li>• Extent of similar work performed for similar clients</li> <li>• Satisfaction of clients with previous work</li> <li>• Favorable letters of reference from sources for which the offeror currently provides or has provided services similar to those requested in the RFP</li> </ul>
<b>Management (25%)</b>	Quality and Rigor of Proposed Management Approach (10%)	<ul style="list-style-type: none"> <li>• Organization and understandability of proposed management approach</li> <li>• Consistency with needed deliverables and timeframes</li> </ul>
	Qualifications of Proposed Personnel (15%)	<ul style="list-style-type: none"> <li>• Number, qualifications, and related experience of the offeror's proposed actuarial and other professionals, including subcontractors if included in proposal</li> <li>• Experience and reputation in retirement consulting and actuarial services</li> <li>• Skills of proposed team consistent with skills needed to complete tasks</li> <li>• Extent of compensation assessment experience on proposed team</li> </ul>

**B. Award of Contract**

The Commonwealth will engage in individual discussions with two or more offerors deemed fully qualified, responsible and suitable on the basis of initial responses and with emphasis on professional competence, to provide the required services. Repetitive informal interviews shall be permissible. Such offerors shall be encouraged to elaborate on their qualifications and performance data or staff expertise pertinent to the proposed project, as well as alternative concepts. At the discussion stage the public body may

discuss nonbinding estimates of total project costs, and, where appropriate, nonbinding estimates of price for services allocated across the tasks enumerated in this RFP. Proprietary information from competing offerors shall not be disclosed to the public or to competitors. At the conclusion of the informal interviews, on the basis of evaluation factors published in the Request for Proposals and all information developed in the selection process to this point, the purchasing agency shall select, in the order of preference, two or more offerors whose professional qualifications and proposed services are deemed most meritorious. Negotiations shall then be conducted, beginning with the offeror ranked first. If a contract satisfactory and advantageous to the purchasing agency can be negotiated at a price considered fair and reasonable, the award shall be made to that offeror. Otherwise, negotiations with the offeror ranked first shall be formally terminated and negotiations conducted with the offeror ranked second, and so on, until such a contract can be negotiated at fair and reasonable price. Should the Commonwealth determine in writing and in its sole discretion that only one offeror is fully qualified, or that one offeror is clearly more highly qualified and suitable than the others under consideration, a contract may be negotiated and awarded to that offeror.

**VI. REPORTING AND DELIVERY INSTRUCTIONS**

**A. Written Deliverables**

Table 4 below lists the written deliverables the contractor will be required to submit for payment and the timeframes, if known. All deliverables will be submitted to the project leader for the study and JLARC Deputy Director. The contractor will be required to augment, revise, or summarize all or parts of each deliverable, if deemed necessary by JLARC staff. Deliverables shall be referenceable to detailed working papers and tasks performed.

Table 4 <b>Written Deliverables and Timeframes</b>	
<i>Written Deliverable</i>	<i>Timeframe</i>
1. Detailed project plan (Task 1.A)	Three weeks from contract award
2. Detailed analysis and data plan (Task 1.B)	Four weeks from contract award
3. Report on retirement plan trends, best practices, and innovations (Task 2.A)	Per Task 1.A
4. Working papers of assessment of effectiveness of Virginia's current plan design, funding, and provisions (Task 3.A)	Per Task 1.A
5. Working papers of recommended changes to Virginia's current plan design, funding, and provisions (Task 3.B)	Per Task 1.A
6. Working papers of assessment of the projected impact of adjustments and changes within the existing defined benefit plan design for non-law enforcement plans (Task 4.A)	Per Task 1.A
7. Working papers of assessment of the projected impact of adjustments and changes within the existing defined benefit plan design for law enforcement / hazardous duty plans (Task 4.B)	Per Task 1.A

8. Working papers of assessment of the projected impact of changing the current defined benefit plans to hybrid retirement plans (Task 4.C)	Per Task 1.A
9. Working papers of assessment of the projected impact of changing the current defined benefit plans to defined contribution plans (Task 4.D)	Per Task 1.A

**B. Oral Presentations**

In addition to the written deliverables in Table 4, the contractor may be required to conduct presentations at the request of JLARC staff. It is unknown at this time whether and how many presentations may be necessary and whether the contractor will be required to make the presentations and prepare all materials, or support JLARC staff during presentations and preparation of materials. It is likely that JLARC staff will seek support for presentations to JLARC in October 2007 and another during Fall of 2008. There may be one or two additional presentations in early 2008 to JLARC and/or the Senate Finance and House Appropriations committees.

**C. Working Paper Control**

To facilitate reviews of contractor working papers by JLARC staff, the Contractor shall exercise strict control over the preparation and maintenance of working papers and shall ensure that all working papers are referenced to source documents. JLARC staff may review working papers and supporting references at any time.

**VII. PREPROPOSAL CONFERENCE**

An optional, pre-proposal conference will be held at 10:00 on June 29<sup>th</sup>, 2007, in House Room 3, Capitol Extension, State Capitol, Richmond, VA 23219. The purpose of this conference is to allow potential offerors an opportunity to present questions and obtain clarification relative to any facet of this solicitation. While attendance at this conference will not be a prerequisite to submitting a proposal, offerors who intend to submit a proposal are encouraged to attend. Any changes resulting from this conference will be issued in a written addendum to the solicitation. Please bring a copy of the solicitation with you.

**VIII. 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 Commonwealth of Virginia and any litigation with respect thereto shall be brought in the courts of the Commonwealth. The agency and the Contractor are encouraged to resolve any issues in controversy arising from the award of the contract or any contractual dispute using Alternative Dispute resolution (ADR) procedures (Code of Virginia, §2.2-4366). The Contractor shall comply with applicable federal, state and local laws and regulations.

## **B. Anti-Discrimination**

1. By submitting their proposals, offerors certify to the Commonwealth that they will conform to the provisions of the Federal Civil Rights Act of 1964, as amended, as well as the Virginia Fair Employment Contracting Act of 1975, as amended, where applicable, the Virginians With Disabilities Act, the Americans With Disabilities Act and Section 2.2-4311 of the *Virginia Public Procurement Act* (VPPA). If the award is made to a faith-based organization, the organization shall not discriminate against any recipient of goods, services, or disbursements made pursuant to the contract on the basis of the recipient's religion, religious belief, refusal to participate in religious practice, or on the basis of race, age, color, gender or national origin and shall be subject to the same rules as other organizations that contract with public bodies to account for the use of funds provided; however, if the faith-based organization segregates public funds into separate accounts, only the accounts and programs funded with public funds shall be subject to audit by the public body. (*Code of Virginia*, §2.2-4343.1E)
2. In every contract over \$10,000 the provisions in a. and b. below apply:
  - a. During the performance of this contract, the Contractor agrees as follows:
    - (1) The Contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex or national origin, or disabilities, except where religion, sex or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the Contractor. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
    - (2) The Contractor, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, will state that such Contractor is an equal opportunity employer.
    - (3) Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting the requirements of this section.
  - b. The Contractor will include the provisions of the 1. above in every subcontract or purchase order over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

## **C. Ethics in Public Contracting**

By submitting their proposals, offerors certify that their proposals are made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other offeror, supplier, manufacturer or subcontractor in connection with their 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 more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged.

6/15/2007

#### **D. Immigration Reform and Control Act of 1986**

By submitting their proposals, the offerors certify that they do not and will not during the performance of this contract employ illegal alien workers or otherwise violate the provisions of the federal Immigration Reform and Control Act of 1986.

#### **E. Debarment Status**

By submitting their proposals, offerors certify that they are not currently debarred by the Commonwealth of Virginia from submitting bids or proposals on contracts for the type of goods and/or services covered by this solicitation, nor are they an agent of any person or entity that is currently debarred from submitting bids or proposals on contracts by any agency of the Commonwealth of Virginia.

#### **F. Antitrust**

By entering into a contract, the Contractor conveys, sells, assigns, and transfers to the Commonwealth of Virginia all rights, title and interest in and to all causes of action it may now have or hereafter acquire under the antitrust laws of the United States and the Commonwealth of Virginia, relating to the particular goods or services purchased or acquired by the Commonwealth of Virginia under said contract.

#### **G. Mandatory Use of State Form and Terms and Conditions**

Failure to submit a proposal on the official State form provided for that purpose may be a cause for rejection of the proposal. Modification of or additions to the General Terms and Conditions of the solicitation may be cause for rejection of the proposal; however, the Commonwealth reserves the right to decide, on a case by case basis, in its sole discretion, whether to reject such a proposal.

#### **H. Clarification of Terms**

If any prospective offeror has questions about the specifications or other solicitation documents, the prospective offeror should contact the JLARC Deputy Director whose name appears on the face of the solicitation no later than five working days before the due date. Any revisions to the solicitation will be made only by addendum issued by JLARC staff.

#### **I. Payment**

##### **1. To Prime Contractor:**

- a. Invoices shall be submitted by the Contractor directly to the payment address shown on the purchase order/contract. All invoices shall show the RFP number, state contract number and/or purchase order number; social security number (for individual contractors) or the federal employer identification number (for proprietorships, partnerships, and corporations).
- b. Any payment terms requiring payment in less than 30 days will be regarded as requiring payment 30 days after invoice or delivery, whichever occurs last.

6/15/2007

This shall not affect offers of discounts for payment in less than 30 days, however.

- c. All services provided pursuant to this Request for Proposals, that are to be paid for with public funds, shall be billed by the Contractor at the contract price, regardless of which public agency is being billed.
- d. The following shall be deemed to be the date of payment: the date of postmark in all cases where payment is made by mail, or the date of offset when offset proceedings have been instituted as authorized under the Virginia Debt Collection Act.

2. To Subcontractors:

- a. A Contractor awarded a contract under this solicitation is hereby obligated:
  - (1) To pay the subcontractor(s) within seven (7) days of the Contractor's receipt of payment from the Commonwealth for the proportionate share of the payment received for work performed by the subcontractor(s) under the contract; or
  - (2) To notify the agency and the subcontractor(s), in writing, of the Contractor's intention to withhold payment and the reason.
- b. The Contractor is obligated to pay the subcontractor(s) interest at the rate of one percent per month (unless otherwise provided under the terms of the contract) on all amounts owed by the Contractor that remain unpaid seven (7) days following receipt of payment from the Commonwealth, except for amounts withheld as stated in VIII I 2 a (2) above. The date of mailing of any payment by U. S. Mail is deemed to be the date of payment to the addressee. These provisions apply to each sub-tier contractor performing under the primary contract. A Contractor's obligation to pay an interest charge to a subcontractor may not be construed to be an obligation of the Commonwealth.

**J. Precedence of Terms**

The General Terms and Conditions set forth in Paragraphs A through I (Applicable Laws and Courts, Anti-Discrimination, Ethics in Pubic Contracting, Immigration Reform and Control Act of 1986, Debarment Status, Antitrust, Mandatory Use of State Form and Conditions, Clarification of Terms, and Payment) shall apply in all instances. In the event there is a conflict between any of the other General Terms and Conditions and any Special Terms and Conditions in this solicitation, the Special Terms and Conditions shall apply.

**K. Qualifications of Offerors**

The Commonwealth may make such reasonable investigations as deemed proper and necessary to determine the ability of the offeror to perform the services and the offeror shall furnish to the Commonwealth all such information and data for this purpose as may be requested. The Commonwealth reserves the right to inspect the offeror's physical

6/15/2007

facilities prior to award to satisfy questions regarding the offeror's capabilities. The Commonwealth further reserves the right to reject any proposal if the evidence submitted by, or investigations of, such offeror fails to satisfy the Commonwealth that such offeror is properly qualified to carry out the obligations of the contract and to provide the services contemplated therein.

#### **L. Testing and Inspection**

The Commonwealth reserves the right to conduct any test/inspection it may deem advisable to assure services conform to the requirements herein.

#### **M. Assignment of Contract**

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

#### **N. Changes to the Contract**

1. The Purchasing Agency may order changes within the general scope of the contract at any time by written notice to the Contractor. Changes within the general scope of the contract include, but are not limited to, things such as services to be performed, the method of packing or shipment, and the place of delivery or installation. The Contractor shall comply with the notice upon receipt. The Contractor shall be compensated for any additional costs incurred as the result of such order and shall give the Purchasing Agency a credit for any savings. Said compensation shall be determined by one of the following methods:
  - a. By mutual agreement between the parties in writing; or
  - b. By agreeing upon a unit price or using a unit price set forth in the contract, if the work to be done can be expressed in units, and the Contractor accounts for the number of units of work performed, subject to the Purchasing Agency's right to audit the Contractor's records and/or to determine the correct number of units independently; or
  - c. By ordering the Contractor to proceed with the work and to keep a record of all costs incurred and savings realized. A markup for overhead and profit may be allowed if provided by the contract. The same markup shall be used for determining a decrease in price as the result of savings realized. The Contractor shall present the Purchasing Agency with all vouchers and records of expenses incurred and savings realized. The Purchasing Agency shall have the right to audit the records of the Contractor as it deems necessary to determine costs or savings. Any claim for an adjustment in price under this provision must be asserted by written notice to the Purchasing Agency within thirty (30) days from the date of receipt of the written order from the Purchasing Agency. If the parties fail to agree on an amount of adjustment, the question of an increase or decrease in the contract price or time for performance shall be resolved in accordance with the procedures for resolving disputes provided by the Disputes Clause of this contract or, if there is none, in accordance with the disputes provisions of the

Commonwealth of Virginia Vendor's Manual. Neither the existence of a claim nor a dispute resolution process, litigation or any other provision of this contract shall excuse the Contractor from promptly complying with the changes ordered by the Purchasing Agency or with the performance of the contract generally.

2. The parties may agree in writing to modify the scope of the contract. An increase or decrease in the price of the contract resulting from such modification shall be agreed to by the parties as a part of their written agreement to modify the scope of the contract.

#### **O. Default**

In case of failure to deliver goods or services in accordance with the contract terms and conditions, the Commonwealth, after due oral or written notice, may procure them from other sources and hold the Contractor responsible for any resulting additional purchase and administrative costs. This remedy shall be in addition to any other remedies which the Commonwealth may have.

#### **P. Insurance**

1. By signing and submitting a proposal under this solicitation, the offeror certifies that if awarded the contract, it will have the following insurance coverages at the time the work commences. Additionally, that it will maintain these during the entire term of the contract and that all insurance coverages will be provided by insurance companies authorized to sell insurance in Virginia by the Virginia State Corporation Commission.
2. During the period of the contract the Commonwealth reserves the right to require the Contractor to furnish certificates of insurance for the coverage required.

##### Minimum Insurance Coverages And Limits Required:

- a. Worker's Compensation - Statutory requirements and benefits.
- b. Employers Liability - \$100,000.
- c. Commercial General Liability - \$1,000,000 per occurrence. Commercial General Liability is to include bodily injury and property damage, personal injury and advertising injury, products and completed operations coverage. The Commonwealth of Virginia must be named as an additional insured and so endorsed on the policy.
- d. Automobile Liability - \$1,000,000 per occurrence
- e. Professional Liability/Errors and Omissions coverages are required as follows:
  - (1) Actuarial Services \$1,000,000 per occurrence, \$3,000,000 aggregate

6/15/2007

**Q. Announcement of Award**

Upon the award or the announcement of the decision to award a contract over \$50,000, as a result of this solicitation, the purchasing agency will publicly post such notice on the DGS/DPS eVA web site ([www.eva.state.va.us](http://www.eva.state.va.us)) for a minimum of 10 days.

**R. Drug-free workplace**

1. During the performance of this contract, the Contractor agrees to (i) provide a drug-free workplace for the Contractor's employees; (ii) post in conspicuous place, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the Contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the Contractor that the Contractor maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.
2. For the purposes of this section, "drug-free workplace" means a site for the performance of work done in connection with a specific contract awarded to a Contractor, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the contract.

**S. Non-discrimination of Contractors**

A bidder, offeror, or Contractor shall not be discriminated against in the solicitation or award of this contract because of race, religion, color, sex, national origin, age, disability, faith-based organizational status, any other basis prohibited by State law relating to discrimination in employment or because the bidder or offeror employs ex-offenders unless the State agency, department or institution has made a written determination that employing ex-offenders on the specific contract is not in its best interest. If the award of this contract is made to a faith-based organization and an individual, who applies for or receives goods, services, or disbursements provided pursuant to this contract objects to the religious character of the faith-based organization from which the individual receives or would receive the goods, services, or disbursements, the public body shall offer the individual, within a reasonable period of time after the date of his objection, access to equivalent goods, services, or disbursements from an alternative provider. (*Code of Virginia*, §2.2-4343.1H).

**IX. SPECIAL TERMS AND CONDITIONS**

**A. Compliance with Procedures**

The Contractor shall comply with all procedural instructions that may be issued from time to time by JLARC. However, the terms and conditions of the contract will not change.

6/15/2007

## **B. Audit**

The Contractor hereby agrees to retain all books, records, and other documents relative to this contract for five (5) years after final payment, or until audited by the Commonwealth of Virginia, whichever is sooner. JLARC, its authorized agents, and/or State auditors shall have full access to and the right to examine any of said materials during said period.

## **C. Cancellation of Contract**

JLARC reserves the right to cancel and terminate any resulting contract, in part or in whole, upon 60 days written notice to the Contractor. Any contract cancellation notice shall not relieve the Contractor of the obligation to deliver and/or perform all outstanding orders issued prior to the effective date of cancellation.

## **D. Indemnification**

The Contractor agrees to indemnify, defend and hold harmless the Commonwealth of Virginia, its officers, agents, and employees from any claims, damages, and actions of any kind or nature, whether at law or in equity, arising from or caused by any services of any kind or nature provided by the Contractor, provided that such liability is not attributable to the sole negligence of the using agency.

## **E. Use of Subcontractors**

1. The use of subcontractors is permitted. However, offerors must specify in their proposals the names, addresses, and telephone numbers of all subcontractors to be used, and the work the subcontractors are to complete. Proposals must describe the qualifications of the subcontractors. JLARC reserves the right to reject the use of any subcontractor which fails to meet any of the requirements of this solicitation.
2. Where it is practicable for any portion of the awarded contract to be subcontracted to other suppliers, the Contractor is encouraged to offer such business to small, women, and/or minority-owned (SWAM) businesses. If SWAM subcontractors are used, the prime contractor agrees to report the use of SWAM subcontractors by providing JLARC, at a minimum, with the following information: name of firm, phone number, total dollar amount subcontracted, category type (small, women, or minority-owned), and type of product/service provided.

## **F. Renewal of Contract**

1. This contract may be renewed by JLARC for two successive one-year periods under the terms and conditions of the original contract, except as stated in a. and b. below. Price increases may be negotiated only at the time of renewal. Written notice of JLARC's intention to renew shall be given approximately 60 days prior to the expiration date of the contract period. Renewal of this contract is contingent upon the availability of appropriated funds and the negotiated project scope.

6/15/2007

- a. If JLARC elects to exercise the option to renew the contract for an additional one-year period, the contract price(s) for the additional year shall not exceed the contract price(s) of the original contract increased/decreased by no more than the percentage increase/decrease of the Consumer Price Index of the United States Bureau of Labor Statistics for the latest 12 months for which statistics are available.
- b. If during the first one-year renewal period, JLARC elects to exercise the option to renew the contract for the second additional one-year period, the contract price(s) for the second additional one-year period shall not exceed the contract price(s) for the first one-year renewal period increased/decreased by no more than the percentage increase/decrease of the Consumer Price Index of the United States Bureau of Labor Statistics for the latest 12 months for which statistics are available.

**G. Availability of Funds**

It is understood and agreed between the parties herein that JLARC shall be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this agreement.

**X. METHOD OF PAYMENT**

- A. The Contractor shall be paid based upon invoices submitted, according to a schedule to be negotiated between the parties having regard to specific work products and/or deliverables.
- B. Submit invoices to:  
Joint Legislative Audit and Review Commission  
Suite 1100, General Assembly Building  
Capitol Square  
Richmond, Virginia 23219

**XI. ATTACHMENT**

6/15/2007

**ATTACHMENT A**

OFFEROR DATA SHEET

To Be Completed By Offeror

1. List full name and address(es) of Offeror and any branch offices which shall be responsible for administering the contract.

---

---

---

---

---

---

---

---

---

---

2. List names and titles of all personnel (supervisory and otherwise) who shall be committed on any resulting contract. Specify names and phone numbers of supervisors who may be contacted by JLARC staff.

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

3. Indicate the length of time you have been in business providing the types of services described in the Statement of Needs (section III) in the RFP.

\_\_\_\_\_ years    \_\_\_\_\_ months

6/15/2007

4. Check all attachments included with your proposal (described in section IV B of this RFP):

- Signed Request for Proposals Cover Sheet.
- Offeror Data Sheet (Attachment A).
- Narrative statement.
- Staff resumes.
- Evidence of Affiliation with Professional Associations.
- Letters of Reference