



Hidalgo County Purchasing Department
2812 S. Business Highway 281
New Administration Building
Edinburg, Texas 78539
(956) 318-2626/ Fax: (956) 318-2629

E-12-178-06-26

May 31, 2012

Bonnie Albritton, FSA MAAA
Lewis & Ellis Inc. Actuaries & Consultants
2929 N. Central Expwy #200
Richardson, Texas 75080

Via Email: balbritton@lewisellis.com

Re: Renewal: C-10-026-07-20-Actuarial Studies For GASB 43 and
45-Health Reserves

Dear Ms. Albritton:

Hidalgo County Purchasing Department will be requesting Commissioners' Court to consider the County's sole option to exercise extend the term for one (1) additional year as provided in the contract (under the same rates, terms and conditions).

Please acknowledge receipt of this notice of placement on the Commissioners' Court meeting of **Tuesday, June 19, 2012** for discussion, consideration and action, by signing below and returning to the Purchasing Department, by no later than **3:00 p.m., Tuesday, June 5, 2012**, via facsimile to (956) 956-318-2629 or email to: evangelina.garcia@co.hidalgo.tx.us so as to meet the agenda request form deadlines.

By: Bonnie Albritton Date: 5/31/2012

Additionally, we are requesting your company provide an updated certificate of insurance as required through Hidalgo County's Request for (Bid, Quote, Proposal, Statement of Qualification) if applicable.

Should you have any questions or require additional information, please do not hesitate to contact me at (956) 318-2626. Your cooperation in this matter is greatly appreciated and we hope your company continues its business relationship with Hidalgo County.

Sincerely,
Vangie Y. Garcia, Contract's Manager
Hidalgo County Purchasing Department

cc:

THE STATE OF TEXAS §
 §
COUNTY OF HIDALGO §

**SERVICE CONTRACT
C-10-026-07-20**

THIS CONTRACT is made and entered into this **20th Day of July, 2010** by and between the **COUNTY OF HIDALGO, TEXAS** ("County"), and **Lewis & Eliis, Inc.** ("Company").

WHEREAS, Company responded to advertised notices for proposals for **“Actuarial Consulting Services For Part I-GASB 43 and/or 45 OPEB Valuation Analysis and Part II-Health Benefits Reserve Analysis”** the ("Services"); and

WHEREAS, Company submitted a proposal to provide services in accordance with the specifications as proposal, a copy of such specifications and proposal being attached hereto as Exhibits "A" and "B" ("Vendor's Proposal") respectively, and incorporated herein for all purposes (the "RFP Packet"); and

WHEREAS, in recognition of and in consideration of Company's agreement to perform the Services in accordance with Specifications, the Commissioners Court of County awarded the proposal to Company.

NOW, THEREFORE, in mutual consideration of the foregoing and the further consideration of the following, the parties hereto agree as follows:

1. County and Company hereby agree that this Contract is entered into in order to provide the Services to locations in Hidalgo County. This Contract does not

extend to any third parties any duties or benefits conferred in any manner hereunder or otherwise.

2. Company hereby promises and agrees to render and provide, during the term of this Contract, and shall be obligated to render and provide the Services in accordance with the Specifications within **Hidalgo County** following a request for Services by the **Commissioners Court** or their designated agent. Company agrees in performing the Services that it will use proper professional standards, comply with any and all appropriate laws and regulations in providing the Services, and devote such time as is necessary to safely and efficiently provide the Services.

3. This Contract shall be for a period of one year effective **July 20, 2010** and ending on **July 19, 2012**. Hidalgo County at its sole discretion elect the option to extend the contract for one (1) additional year at the same rates, terms and conditions and may further extend an additional sixty (60) days grace period at the end of the contract term due to any unforeseen delay in the procurement process, unless this Contract is terminated pursuant to the provisions herein, whichever occurs first.

4. As a condition of this Contract, Company shall hold and maintain throughout the term of this Contract all licenses and permits required, or which may be required by any authority during the term hereof to provide the Services.

5. All trucks or vehicles operated by the Company to perform the Services shall contain all equipment required by any authority to operate on streets and roads and all persons in the employ of Company who operate such trucks or vehicles shall have the required licenses, qualifications, skill and expertise to perform such Services and shall comply with all laws, rules and regulations prescribed by any agency or

authority having jurisdiction with regard to the operation of such trucks or vehicles in providing the Services.

6. As consideration for rendering the Service provided for in this Contract, the County agrees to pay Company the amounts specified in Exhibit "B" attached hereto payable against written invoice submitted by Company.

7. Company shall provide insurance in force on all its vehicles and all persons connected with providing services under this Contract naming County as an additional insured (with the coverages and in the amounts described on Exhibit "C" attached hereto and incorporated herein at this point for all purposes), and shall furnish to County certificates of such insurance coverage.

8. Company shall provide a sufficient number of trucks, vehicles, personnel and equipment available to safely and efficiently provide the Services.

9. Company shall indemnify and hold harmless County, its elected officials, employees and agents from any and all claims, damages, losses, and expenses including attorney's fees for the defense of any action against County arising out of, resulting from, or connected with the provision of the Service by Company under this Contract. Said indemnity shall cover any act or failure to act by the Company, its agents or employees.

10. This Contract shall not be assignable in whole or in part by either party without prior written consent of the other party.

11. It is expressly agreed that this Contract and the performance by the parties hereunder does not create any agency relationship or master-servant relationship, that County has no supervision of the performance of the Services provided

by Company, and that Company is an independent contractor under this Contract.

12. Any notice required or permitted to be given hereunder shall be in writing and shall be delivered personally or sent by certified mail, postage prepaid, as set forth below:

If to County: **The County of Hidalgo
Attn: County Judge
100 E. Cano
Edinburg, Texas 78539**

If to Company **Lewis & Ellis, Inc.
Attn: Bonnie Albritton,
Vice-President/Principal
2929 N. Central Expwy #200
Richardson, Texas 75080**

13. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

14. Any contract award to a successful bidder will be in effect until (a) the contract expires, (b) delivery and acceptance of products, and/or performance of services ordered, or (c) terminated without cause by County with thirty day's written notice prior to cancellation.


15. The contract may be terminated without cause upon thirty (30) days written notice by County.

16. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective heirs, executors, administrators, legal representatives, successors, and assigns where permitted by this Agreement.

17. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and shall be performable in Hidalgo County.

WITNESS our hands in duplicate originals this _____ day of _____, 2010.

ATTEST:



Arturo Guajardo Jr., County Clerk

COUNTY OF HIDALGO

By: _____


Rene A. Ramirez, County Judge

COMPANY: Lewis & Ellis, Inc.

By: _____



Printed Name: Bonnie Allutton

Title: Vice President & Principal

APPROVED BY COMMISSIONES COURT: July 20, 2010

APPROVED AS TO FORM:

Atlas & Hall, L.L.P.

By: _____


Stephen L. Crain

EXHIBIT "A"
SPECIFICATIONS/REQUIREMENTS

Hidalgo County
Actuarial Consulting Services
for
Part I- GASB 43 and/or 45 OPEB Valuation Analysis
Part II- Health Benefits Reserve Analysis
RFP: 2010-026-05-12-SMA

OVERVIEW:

Hidalgo County is requesting sealed proposals from interested and qualified firms for **Actuarial Consulting Services-Part I: GASB 43 and/or 45 OPEB Valuation Analysis** for Hidalgo County's Post-Employment Benefits Package (OPEB) for *Health Benefits* for "Retired Employees" And **Part II: Health Benefits Reserve Analysis** for and Funding Projection Study as specified herein. Sealed Proposals will be accepted until 9:30 A.M., Wednesday May 12, 2010. **ANY PROPOSALS RECEIVED AFTER THAT DATE AND TIME WILL NOT BE ACCEPTED AND WILL BE RETURNED UNOPENED.**

Deliver Submittal to:
RFP No: 2010-026-05-12-SMA

US Postal Mail Address:
Martha L. Salazar, CPPB, Purchasing Agent
Hidalgo County Purchasing Department
Administration Building
2812 S. Business Hwy 281
Edinburg, Texas 78539

Physical Address:
Martha L. Salazar, CPPB, Purchasing Agent
Hidalgo County Purchasing Department
Administration Building
2802 S. Business Hwy. 281
Edinburg, Texas 78539

The Submittal Envelope Must Show the RFP Number, Name and Acceptance Date.

The following outlines the Request for Proposal:

SECTION I
GENERAL TERMS AND CONDITIONS

ADDITIONAL INFORMATION:

Hidalgo County is requesting that sealed proposals must be routed to Martha L. Salazar, CPPB, Purchasing Agent, at:

US Postal Mail address:
Martha L. Salazar, CPPB, Purchasing Agent
Hidalgo County Purchasing Department
Administration Building
2812 S. Business Hwy. 281
Edinburg, Texas 78539

Physical Address:
Martha L. Salazar, CPPB, Purchasing Agent
Hidalgo County Purchasing Department
Administration Building
2802 S. Business Hwy. 281
Edinburg, Texas 78539

ALL WRITTEN QUESTIONS WILL BE ACCEPTED VIA FACSIMILE (956)318-2629 OR VIA E-MAIL TO sandra.inontalvo@co.hidalgo.tx.us by NO LATER THAN, Wednesday, May 05, 2010 by 5:00 P.M. Responses will be sent to all applicants via e-mail by no later than, Friday, May 07, 2010 by 5:00 P.M. **TELEPHONE INQUIRIES WILL NOT BE ACCEPTED.**

DISCLOSURE OF CONFLICT OF INTEREST:

Effective January 1, 2006, Chapter 176 of the Texas Local Government Code requires that any vendor, person, consultant or contractor considering doing business with Hidalgo County ("the County") to disclose in the Conflict of Interest Questionnaire (the "CIQ") attached as **EXHIBIT D**, the vendor, person consultant or contractor's affiliation or business relationship that might cause a conflict of interest with the County. By law, the CIQ must be filed with the Hidalgo County Clerk's Office no later than the seventh business day after the date the person becomes aware of facts that require that statement to be filed. The disclosure requirement applies to a person or business who contract or seeks to contract with Hidalgo County for the sale or purchase of property, goods or service. Any purchase order or contract resulting from this process shall be considered null and void if the successful bidder fails to comply with Texas Local Government Code Chapter 176. Vendors, consultants, contractors and others who desire to conduct

business with Hidalgo County are encouraged to refer to Texas Local Government Code Chapter 176 for the details of this law. An offense under Texas Local Government Code Chapter 176 is a Class C Misdemeanor.

Please submit complete CIQ forms to the Hidalgo County Clerk's Office located at 100 North Closner, Edinburg, Texas 78539-
Hidalgo County Courthouse **COMPLETION AND SUBMISSION OF FORM CIQ IS THE SOLE RESPONSIBILITY OF THE PROSPECTIVE PARTICIPANT.**

PROPOSER'S AFFIDAVIT:

Prior Contract award, respondents to this RFP must submit a signed Proposer's Affidavit (attached herein in Exhibit "E") certifying that the submission is: (1) not the result of Collusion as described in the Proposer's Affidavit; (2) that the Respondent does not have a Conflict of Interest as described in Proposer's Affidavit; or that the Respondent has not and will not attempt to lobby directly or indirectly as described in the Proposer's Affidavit.

NON-COLLUSION:

Submitters, by submitting the signed Participant's Affidavit, certify that the accompanying submission is not the result of, or affected by, any unlawful act of collusion with any other person or company engaged in the same line of business or commerce, or any other fraudulent act punishable under Texas or United States law.

NON-DISCRIMINATION:

Submitters, during the performance of this contract, will not discriminate against any employee or applicant for employment because of race, religion, sex, national origin or disability except where religion, sex, national origin or disability is a bona fide occupational qualification reasonably necessary to the normal operation of the contractor.

ELECTRONIC TRANSMISSION OF BIDS:

Hidalgo County's Purchasing Department **WILL NOT** accept telegraphic or electronically transmitted submissions.

PROOF OF FINANCIAL AND BUSINESS CAPABILITY:

Submitters must, upon request, furnish satisfactory evidence of their ability to furnish products or services in accordance with the terms and conditions of these requirements. Hidalgo County will make the final determination as to the submitter's ability.

SUBMITTER DEFAULT:

Hidalgo County reserves the right, in case of submitter default, to procure the articles or services from other sources and hold the defaulting submitter responsible for any excess costs occasioned thereby.

RESTRICTIVE OR AMBIGUOUS REQUIREMENTS:

It is the responsibility of the submitter to review the Request for Proposal (RFP) packet and to notify the Purchasing Department if the requirements are formulated in a manner that would unnecessarily restrict competition. Any such protest or question regarding the requirements or bidding procedures must be received in the Purchasing Department not less than seventy-two (72) hours prior to the time set for the opening. These criteria also apply to requirements that are ambiguous.

PROPOSAL DELIVERY:

Hidalgo County requires submitters, when hand delivering RFP to make sure that it is stamped with time and date by the County Purchasing Staff.

SIGNING OF PROPOSAL:

In order to be considered all submittals must be signed. **Please sign the original in blue ink.**

WAIVING OF INFORMALITIES:

Hidalgo County reserves the right to waive minor informalities or technicalities when it is in the best interest of Hidalgo County.

SUBCONTRACTING:

The successful submitter may not subcontract the award without the written consent of the Commissioners' Court of Hidalgo County.

TERM OF CONTRACT:

The contract will be for a period of two (2) years with the county's option to renew for an additional one (1) year, at the same rates, terms and conditions. Hidalgo County reserves the right to continue this proposal for an additional sixty (60) day Grace Period at the end of the contract under the same rates, terms and conditions.

All costs and expenses associated with the preparation and submission for (bid, proposal and/or quotes) shall be the responsibility of the participant and no reimbursement for such charges or expenses shall be passed on onto Hidalgo County.

DAVIS BACON ACT:

All selected and awarded firms are required to include the Davis-Bacon Act when advertising and developing specifications. (If applicable)

PARCTICIPANTS ARE TO PROVIDE A FEE SCHEDULE WITH THIS SUBMITTAL:

The fee will be negotiated after the ranking by Commissioners' Court of the most qualified firm. Hidalgo County is hereby requesting the proposal fees on a multi-year per section basis (including renewal option at the County's sole discretion.

SECTION II
RFP's REQUIREMENTS

REQUEST FOR PROPOSALS

The required contents and limitations for the preparation of the RFP are described in this section. Failure to provide the requested information or adhere to any County limitations will result in disqualification of the submitted RFP.

RFP SUBMISSION:

A total of one (1) original and seven (7) copies response shall be submitted to: Martha L. Salazar, Purchasing Agent, Hidalgo County Purchasing Department, 2812 So. Business Hwy 281 New Administration Building, Edinburg, Texas 78539 by **no later than 9:30 a.m. on Wednesday, MAY 12, 2010.**

CONTENTS:

The required contents for the RFP are presented below in the order they should be incorporated into the submitted document.

UNDERSTANDING OF THE PROJECT:

This section should demonstrate the submitter's understanding of the project needs, the work required, and any local issues or concerns. This description should be concise, candid, and limited to 3 pages in length.

FIRM OUALIFICATIONS:

The County of Hidalgo is seeking to contract with a competent firm(s), registered and licensed if applicable for the services being requested in the RFP and/or do business in the State of Texas, that has experience in, but not limited to, as stated and reflected in the "*Scope of Services and Requirements*".

PERSONNEL AND STAFFING:

The firm should provide an organizational chart for the project and a summary paragraph of the project work to be performed by each proposed staff member. Biographic summaries that highlight the experience relevant to the specific project responsibilities should be provided for all proposed personnel. There is a one (1) page limitation for each biographic summary provided.

Additionally, this section should include a description of the firm's project personnel and their most recent similar projects. For each project, a client contract name and phone number should be included for reference purposes. Additionally, the names of the personnel proposed for this project who participated in the listed projects should be provided. This project list is limited to 5 pages.

REQUIRED CERTIFICATIONS AND SUBMITTAL:

This section will contain any licenses and certifications as required by HIDALGO COUNTY, the STATE OF TEXAS, etc. The Proposer(s) should add copies of their Professional Liability Insurance in the response.

PROJECT OVERVIEW:

The County of Hidalgo is seeking this request for proposal from interested and qualified firms to assist in implementing Consulting Services for Part I: GASB 43 and/or 45 OPEB Valuation Analysis for Hidalgo County's Other Post-Employment Benefits Package (OPEB) for *Health Benefits* for "Retired Employees". There are approximately 30 retired employees; only about 30 retired employees, of which are utilizing the County's health benefits with a blended premium rate payment plan and Part II: To include services for the Health Benefits Reserve Analysis for Funding Projection Study.

The County of Hidalgo is seeking this request for proposal from interested and qualified firms to assist in implementing Consulting Services for **Part I: GASB 43 and/or 45 OPEB Valuation Analysis** and **Part II: Health Benefits Reserve Analysis**. Any information required for the actuarial services will be provided on "An As Needed Basis". The qualified firm(s) is one that can deliver the services requested in an efficient and effective manner while ensuring the highest standards of performance, integrity, customer service and fiscal accountability. The County of Hidalgo wishes to contract with a firm(s) that understands the importance of the tasks, the impact, and the necessary deadline for such implementation as required by the "Government Accounting Standards Board". The successful firm(s) will demonstrate the ability to consistently provide these services to the County of Hidalgo and will be evaluated, in part, by the degree to which the firm(s) shows how it will achieve these benefits.

SCOPE OF SERVICES:

Hidalgo County is requesting proposals from experienced firm(s) to provide ongoing Consulting Services for the Actuarial Studies/Services regarding for **Part I: GASB 43 and/or 45 OPEB Valuation Analysis** and **Part II: Health Benefits Reserve Analysis**. (Refer to Exhibit "A"-ADDITIONAL SPECIFICATIONS/REQUIREMENTS)

PART III
SELECTION AND SCHEDULES

SELECTION PROCEDURES/EVALUATION SYSTEM:

The evaluation consists of a 100-point scoring system. However, after the 100-point evaluation, Hidalgo County Commissioner's Court may elect to narrow the participating firms and request a presentation from a representative from firms.

- A. Hidalgo County Commissioner's Court and/or an Evaluation Committee (selected and/or designated by County Commissioner's Court) will review, score and evaluate the Request for Proposals (RFP's) received.
- B. After the RFP's have been reviewed, scored and evaluated, a grid will be presented to Commissioner's Court for the purposes of ranking.
- C. Categories are further detailed in the Selection Criteria (Exhibit B) section of this RFP.

RATING AND EVALUATION PROPOSALS

Proposals will be evaluated and rated for merit, innovation and completeness, in response to each of the elements outlined in the Scope of Services including but not be limited to, the items listed below:

1.	Firm's Qualifications and Staffing of Project Team	10 Points
2.	Understanding Of Project/Similar Projects	40 Points
3.	Experience Of Project Team/Ability To Commit Resources	40 Points
4.	Cost Fees	<u>10 points</u>
	Total	100 points

NEGOTIATION PROCESS:

The number one ranked firm will be contacted to submit a letter of engagement/contract for negotiations. If negotiations prove unsuccessful, Commissioner's Court will terminate negotiations with the firm and will contact the next highest ranked firm to open negotiations. The County of Hidalgo reserves the right to reject any and all RFPs.

TERMINATION OF SERVICES:

Any contract awarded to a qualified firm will be in effect until (a) the contract expires or (b) performance of all services are completed, or (c) terminated by County with or without cause, with ninety (90) days written notice prior to cancellation.

EXHIBIT "A"
ADDITIONAL SPECIFICATIONS/REQUIREMENTS
Hidalgo County
Actuarial Consulting Services for
Part I: GASB 43 and/or 45 OPEB Valuation Analysis
Part II: Health Benefits Reserve Analysis
RFP No.: 2010-026-05-12-SMA

PART I: GASB 43 AND/OR 45 OPEB VALUATION ANALYSIS

SCOPE OF SERVICES:

- Desired study completion date of : **February 28, 2012**
- Valuation Analysis will be for year ending: **December 31, 2011**
- Prepare an actuarial evaluation following GASB 43 and GASB 45 standards.
- The following must be included in the study as follows:
 - The actuarial present value of total projected benefits.
 - Actuarial accrued liability.
 - Actuarial value of assets.
 - The unfunded actuarial accrued liability.
 - Normal Cost
 - Annual required contribution of the employer-as a level dollar amount and as a level percentage of covered payroll.
 - Net OPEB obligation (for employer disclosure under GASB statement 45 if necessary).
 - Prepare the necessary material for the Comprehensive Annual Financial Report to comply with GASB OPEB reporting and disclosure requirements.
 - Prepare the annual gain/loss analysis to determine reasons for changes in the unfunded actuarial accrued liability, whenever a prior actuarial valuation is available to support this.
 - Determine the implicit rate subsidy, if any, and the impact it would have on the OPEB liability.
 - Prepare an analysis to determine how establishing a trust or equivalent arrangement would affect the interest rate assumption. Timing considerations of establishing the trust should also be considered.
 - Prepare a cash flow analysis (the "pay-as-you-go-cost"). **(optional)**
 - Prepare sensitivity analysis showing the impact of alternative assumptions on the employer's contributions (healthcare trend rates and investment rate assumptions) - **(optional)**
 - If there is not a trust established, determine the difference in liability based upon the investment returns under a diversified portfolio versus a short-term fixed income portfolio. **(optional)**
 - As appropriate, provide recommendations on managing the OPEB liability. This may include changes in plan design. **(optional)**
 - As appropriate, review and update plan documents and design. Make recommendations as to formalizing informal plans. **(optional)**

- Analyze the *data* to assess any inconsistencies and make recommendations for enhancing *data* quality.
- Firm will be required to make a formal presentation of the “Actuarial Study” to Hidalgo County Commissioners Court

COUNTY PROVIDED DATA:

- Summary of plan provisions
- Active employee/retiree information
- Retiree contribution schedule
- Employer contribution schedule
- Claims information
- Groups not covered by Medicare – if any
- Additional information as available or requested

PART II: HEALTH BENEFITS RESERVE ANALYSIS
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Scope Of Services:

- Desired study completion date of: February 28, 2011
- Estimate the reserve analysis as of December 31, 2010.
- Review Hidalgo County’s (County) self funded medical plan to determine reserve balances.
 - Based on claims analysis, determine the Hidalgo Count’s (County) estimated range of reserve liability for the medical benefit plan.
 - Estimate the unpaid claim liability of Hidalgo County’s (County) self funded medical plan for health claims that have been incurred but not paid as of December 31, 2010.
 - Prepare a written actuarial analysis of claim liability for the entire plan broken out by employee group and plan.
 - Prepare a forecast of the number of expected claims, estimate the value of expected payments, develop overall trend and insurance inflation factors, estimate the lag in reporting incurred claims and estimate the lag in payment of claims.
 - Provide spreadsheet of incurred claim liability.
 - Summarize the results of our claim reserve analysis showing monthly paid and incurred claims.
 - Summarize paid claims, estimated incurred claims, and recast reserves by month, including the resulting reserve liability as of December 31, 2010.
 - Provide analysis detailing the claims lag.
 - Provide analysis detailing the average liability per employee

COUNTY PROVIDED DATA:

- Claims lag reports
- Count of eligible employees, employees by tier (single, employee and spouse, etc.).
- List of stop recoveries
- Additional information as available or requested

INFORMATION ABOUT THE FIRM(S):

1. The firm should provide its name, address of the office which would provide the services requested, telephone number, fax, e-mail address and website, if applicable.
2. The firm should provide a general description of its business, including size, number of employees, number of credentialed actuaries, primary business, other business or services offered and review any past or contemplated changes in the ownership structure of the firm.
3. The supervising actuary who will be assigned to the engagement should be identified and their contact information provided.
4. Other actuaries and other personnel who will have key roles in the work should also be identified.
5. The firm should list the number and percent of consulting staff that have left each of the past five years.
6. Brief resumes should be furnished for the key professional staff who will be assigned to this engagement. Summary information should be provided covering the professional qualifications and experience of the supervising and support actuaries and other personnel who would perform the requested work.
7. The *firm* should provide a description of its experience in providing actuarial and consulting services for governmental entities/plans and a list of governmental entities/plans for which it has performed services similar to those identified under "Scope of Services". Describe the *firm's* experience with retiree healthcare and other post-employment benefit plans for other public entities. Recognizing the value of the firm experience with FASB OPEB valuations, *firm* should also describe their private sector OPEB valuation experience.
8. For the *firm* office that will be responsible for the work, the *firm* should provide a list of the most significant engagements performed in the last five years that are similar to the engagement described in this request for proposal/qualifications. The list of engagements can be both in the private or public sector but must be clearly labeled as such.
9. For the engagements listed above, indicate the scope of the work, date, supervising actuaries, and the name and telephone number of the principal client contact who would serve as a reference for the *firm*.
10. The *firm* should list any clients that have been lost in the last five years.
11. The *firm* should provide an affirmative statement that is independent of the governmental entity/plan and that it is unaware of any potential conflicts of interest if it were selected to perform the requested work.
12. The *firm* should describe any limits on liability that the firm requests from its clients due to negligence of its firm.
13. The *firm* should warrant that the *firm* maintains errors and omissions insurance that provides a prudent amount of coverage for negligent acts or omissions and that its coverage is applicable to the work requested in this proposal.
14. The *firm* should include an example of a job arrangement letter or contract that the *firm* would require covering this engagement if it were successful in winning the engagement.
15. The response to the "Request for Proposal" should be signed by a representative of the *firm* with the acknowledgement that this individual is authorized to contractually bind the firm.
16. The *firm* should indicate if there are any pending legal actions against it.

PROCESS:

- Approach-State the overall approach of the valuation, including objectives, scope of work to be performed and the methodologies to be used.
- Describe how the firm will work with “Hidalgo County” to determine the proper actuarial cost method, actuarial asset valuation method, amortization method and key assumptions to the valuation based on relevant accounting and actuarial standards. Some key assumptions (not all of them applicable) to consider as part of this discussion are:
 - Turnover
 - Retirement Age
 - Disability retirement age
 - Mortality
 - Projected salary increase
 - Inflation rate
 - Healthcare cost trend data for appropriate region
 - Amortization timeframe
 - Investment return
 - Post retirement benefit changes
 - Actuarial assumptions associated with the method (projected unit credit, entry age normal, etc.)
- Provide an analysis of allowed actuarial methods and amortization methods with the pros and cons of each method and recommend the most appropriate or commonly used one or two methods for this type of study.
- Describe how the firm would assist in the interpretation of the plan and value the associated costs in situations where there is ambiguity related to the substantive plan.
- Timeline-The firm will identify the major tasks in the valuation engagement and the suggested timeline for completion.
- Date Requirements – The actuarial firm should list all data requirements, other than what has been identified in the RFP, that they require to complete the valuation and in what type of format that data must be provided.
- Support – Provide the support that is required of Hidalgo County’ staff.
- Sample Report – Include in the Appendix of the firm’s response a copy of a sample report.

COST AND TERMS OF AGREEMENT:

- Cost Proposal – The firm will provide the cost of the engagement detailing out the cost of the valuation and any optional consulting services included in the scope of services. The proposal should include estimated hours, hourly rates and expenses, as well as a total, not-to-exceed cost that should be clear and concise.
- Costs for the any of the services indicated as “optional” in the Scope of Services section of this document should be requested as separate from the cost of the valuation as these services can be expensive.
- Terms of Agreement - The contract will be for a period of two (2) years with the county’s option to renew for an additional one (1) year, at the same rates, terms and conditions. Hidalgo County reserves the right to continue this proposal for an additional sixty (60) day Grace Period at the end of the contract under the same rates, terms and conditions.

PROPOSAL QUESTIONS

The purpose of this RFP is to demonstrate the qualifications, competence and capability of the proposer(s). The substance of the proposer(s) will carry more weigh than form or manner of presentation. Preparation of your response should be simple and economical, providing a straightforward, concise description of your ability to provide the services requested. The response should include the following, preferably in the order listed:

- What is the basis of compensation for your services (flat fee, time plus expense, etc.)?

- What is your estimate for the total cost of the actuarial study? If your basis for compensation is "time plus expenses", please detail all anticipated expenses (clerical, travel, etc.). The cost for any optional work should be identified separately and presented for approval before any optional work is to proceed.
- To what degree or percent of accuracy will you guarantee your total cost estimate?
- Will you be able to meet the timeline? If not, provide your estimated date for report completion. Are any additional fees being charged in order to meet this timeline?
- A brief history and description of the firm, including a statement of the firm's qualifications to perform the requested services.
- List at least five Texas public entities, preferably County Entities, that you have performed a GASB 43 and 45 actuarial studies for in the last five year. Include the name of the entity, a contact person and phone number, as well as a description of the work performed.
- Identify the key personnel within your firm who will be responsible for the completion of this assignment. Include the professional qualifications and experience of these key individuals; specifically their experience with Texas Governmental Entities and GASB 43 and 45 liability calculations.
- List any exceptions you have with the proposed RFP/Q and Scope of Work as well as a description of any proposed work that differs from that described.
- List all data and information that will be required to be assembled by Hidalgo County in order to complete the actuarial study.
- Define the most important qualification your firm can bring to Hidalgo County.

The undersigned hereby certified that he/she understands the specifications/requirements and has read the document in it's entirety, affirms the list of qualifications is true and correct, and is duly authorized to execute this response. The following information must be filled out in it's entirety for your proposal to be considered.

Company's Name: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Phone No.: _____ Fax No.: _____

Signature of Authorized Representative: _____

Printed Name: _____ Title: _____

Email Address: _____

Date: _____



Hidalgo County Purchasing Department
2812 S. Business Highway 281
New Administration Building
Edinburg, Texas 78539
(956) 318-2626/ Fax: (956) 318-2629

MEMORANDUM
(IMMEDIATE REVIEW AND RESPONSE REQUIRED)

TO: Bonnie Albritton, FSA MAAA
Lewis & Ellis, Inc. via email: balbritton@lewisellis.com

FROM: Martha L. Salazar, CPPB
Hidalgo County Purchasing Department
Attn: Sandra Montalvo

DATE: June 24, 2010

RE: Negotiation for –“Hidalgo County “Actuarial Consulting Services for PART I-GASB 43 and/or 45 VALUATION ANALYSIS PART II-HEALTH BENEFITS RESERVE ANALYSIS”
RFP NO. 2010-026-05-12-SMA

Pursuant to action taken by Hidalgo County Commissioner’s Court on Tuesday, June 22, 2010, please be advised that your firm has been selected (ranked number one) to enter into negotiations with County of Hidalgo. Therefore, the County of Hidalgo is respectfully requesting a “Best and Final Offer” on your proposed response you submitted on May 12, 2010.

We request that you submit your “Best and Final Offer” by no later than 10:00 a.m. on Wednesday, June 30, 2010.

Best and Final offer of the proposed contract amount of \$ Part I Base \$ 9,414.50
Options \$ 6,920.75
Part II \$ 3,301.25

Please acknowledge receipt with commitment to submit by deadline and return via e-mail to sandra.montalvo@co.hidalgo.tx.us

Signed: Bonnie Albritton

Title: Vice President & Principal

Printed Name: Bonnie Albritton

V. Costs and Terms of Agreement

Scope of Services

Part I – GASB 43 and/or 45 OPEB Valuation Analysis

We will prepare an actuarial valuation, including the following information, for the year ending December 31, 2011 by the desired completion date of February 28, 2012.

1) Base Valuation Requirements

- The actuarial present value of total projected benefits.
- Actuarial accrued liability.
- Actuarial value of the assets (if applicable).
- Normal cost.
- Annual required contributions of the employer as a level dollar amount and a level percentage of covered payroll.
- Net OPEB obligation (for employer disclosure under GASB statement number 45 if necessary).
- Prepare the necessary materials for the Comprehensive Annual Financial Report to comply with GASB OPEB reporting and disclosure requirements.
- Prepare the annual gain/loss analysis to determine reasons for changes in the unfunded actuarial accrued liability, whenever a prior actuarial valuation is available to support this.
- Determine the implicit rate subsidy, if any, and the impact it would have on the OPEB liability.
- Prepare an analysis to determine how establishing a trust or equivalent arrangement would affect the interest rate assumption. Timing considerations of establishing the trust should also be considered.

2) Optional Items

- Option 1 – Prepare a cash flow analysis (the “pay-as-you-go-cost”)
- Option 2 – Prepare sensitivity analysis showing the impact of alternative assumptions on the employer’s contributions (healthcare trend rates and investment assumptions).
- Option 3 – If there is not a trust established, determine the difference in the liability based upon the investment returns under a diversified portfolio versus a short-term fixed income portfolio)
- Option 4 – As appropriate, provide recommendations on managing the OPEB liability. This may include changes in plan design.
- Option 5 – As appropriate, review and update plan documents and design. Make recommendations as to formalizing informal plans.

V. Costs and Terms of Agreement

Part II – Health Benefit Reserve Analysis

We will prepare an analysis of the health benefit reserves, including the following information, for the year ending December 31, 2010 by the desired completion date of February 28, 2011.

- Based on claims analysis, determine the Hidalgo County's (County) estimated range of reserve liability for the medical benefit plan.
- Estimate the unpaid claim liability of the County's self-funded medical plan for health claims that have been incurred but not paid as of December 31, 2010.
- Prepare a written analysis of claim liability for the entire plan broken out by employee group and plan.
- Prepare a forecast of the number of expected claims, estimate the value of the expected payments, develop overall trend and insurance inflation factors, estimate the lag in reporting incurred claims and estimate the lag in reporting incurred claims and estimate the lag in payment of claims.
- Provide a spreadsheet of the incurred claim liability.
- Summarize the results of our claim reserve analysis showing monthly paid and incurred claims.
- Summarize paid claims, estimated incurred claims, recast reserves by month, including the resulting reserve liability as of December 31, 2010.
- Provide analysis detailing the claims lag.
- Provide analysis detailing the average liability per employee.

Price Quotation

We have developed a maximum "not to exceed" cost for the services outlined above.

Part I – GASB 43 and/or 45 OPEB Valuation Analysis	
1) Base valuation	\$9,910
2) Option 1 – Cash Flow Analysis	\$2,010
3) Option 2 – Sensitivity Analysis	\$1,620
4) Option 3 – Investment Return Analysis	\$515
5) Option 4 – OPEB Liability Management	\$1,570
6) Option 5 – Update Plan Document	\$1,570
Part II – Health Benefit Reserve Analysis	
	\$3,475

OPENED

10.25.10

MAY 12 2010

Witnessed



These are all-inclusive prices, covering all direct and indirect costs and out-of-pocket expenses.

The following table details the estimated hours and hourly rates, including the not-to-exceed price.

V. Costs and Terms of Agreement

Project Step	Employee Class	Hours	Rate	Total
Data Request Preparation and Review				
	Staff Actuaries	1	\$235	\$235
	Staff	1	\$120	\$120
Set Assumptions				
	Project Manager	4	\$275	\$1,100
	Staff Actuaries	2	\$235	\$470
	Staff	2	\$120	\$240
Model Setup and Testing				
	Project Manager	3	\$275	\$825
	Staff Actuaries	4	\$235	\$940
	Staff	8	\$120	\$960
Consultation with Client				
	Project Manager	3	\$275	\$825
Finalize Assumptions				
	Project Manager	2	\$275	\$550
Initial Report				
	Project Manager	3	\$275	\$825
	Staff Actuaries	3	\$235	\$705
	Support Staff	2	\$100	\$200
Peer Review				
	Practice Leader	2	\$260	\$520
Final report				
	Project Manager	3	\$275	\$825
	Staff Actuaries	2	\$235	\$470
	Support Staff	1	\$100	\$100
Base GASB 45 Valuation		46		\$9,910
	Project Manager	3	\$275	\$825
	Staff Actuaries	3	\$235	\$705
	Staff	4	\$120	\$480
Option 1 - Cash Flow Analysis		10		\$2,010
	Project Manager	2	\$275	\$550
	Staff Actuaries	2	\$235	\$470
	Staff	5	\$120	\$600
Option 2 - Sensitivity Analysis		9		\$1,620
	Project Manager	1	\$275	\$275
	Staff Actuaries	0	\$235	\$0
	Staff	2	\$120	\$240
Option 3 - Investment Return Analysis		4		\$515
	Project Manager	4	\$275	\$1,100
	Staff Actuaries	2	\$235	\$470
	Staff	0	\$120	\$0
Option 4 - OPEB Liability Management		6		\$1,570
	Project Manager	4	\$275	\$1,100
	Staff Actuaries	2	\$235	\$470
	Staff	0	\$120	\$0
Option 5 - Update Plan Document		6		\$1,570
	Project Manager	4	\$275	\$1,100
	Staff Actuaries	5	\$235	\$1,175
	Staff	10	\$120	\$1,200
Health Benefit Reserve Analysis		19		\$3,475

V. Costs and Terms of Agreement

On-Site Meeting/Presentation

Our fee for an on-site meeting or presentation will be \$1,500.

Additional Services

Any additional services outside of the scope of proposed services shown above, such as supplementary meetings, will be at the hourly rates quoted shown below, plus direct expenses, unless another arrangement is made.

<u>Staff Description</u>	<u>Current Hourly Rates</u>
Project Actuary	\$275
Support Actuaries	\$235
Staff	\$120
Support Staff	\$100



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
4/15/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Sleeper Sewell Insurance Services, Inc. 12400 Coit Road, Suite 1100 Dallas TX 75251-2039	CONTACT NAME: PHONE (A/C. No. Ext): (972) 419-7500		FAX (A/C. No.): (972) 419-7555
	E-MAIL ADDRESS: 		
		INSURER(S) AFFORDING COVERAGE	NAIC #
		INSURER A :Indian Harbor	
INSURED Lewis & Ellis Inc 2929 N. Central Exwy #200 Richardson TX 75080		INSURER B : INSURER C : INSURER D : INSURER E : INSURER F :	

COVERAGES **CERTIFICATE NUMBER:12/13** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						EACH OCCURRENCE	\$
							DAMAGE TO RENTED PREMISES (Ea occurrence)	\$
							MED EXP (Any one person)	\$
							PERSONAL & ADV INJURY	\$
							GENERAL AGGREGATE	\$
							PRODUCTS - COMP/OP AGG	\$
								\$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident)	\$
							BODILY INJURY (Per person)	\$
							BODILY INJURY (Per accident)	\$
							PROPERTY DAMAGE (Per accident)	\$
								\$
	UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE	\$
							AGGREGATE	\$
								\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> Y/N If yes, describe under DESCRIPTION OF OPERATIONS below		N/A				WC STATUTORY LIMITS	OTHER
							E.L. EACH ACCIDENT	\$
							E.L. DISEASE - EA EMPLOYEE	\$
							E.L. DISEASE - POLICY LIMIT	\$
A	Errors & Omissions			MPP003588901	10/1/2012	10/1/2013	\$3,000,000 Limit Ea Claim \$3,000,000 Policy Aggregate	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER Hidalgo County Attn: Purchasing Dept 2812 S Hwy Business 281 Edinburg, TX 78539	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE Von Breaux/BECKY
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