

**EXHIBIT "A-1"**  
ADDITIONAL SPECIFICATIONS/REQUIREMENTS  
Hidalgo County  
Actuarial Consulting Services for  
Part I: GASB 74 and/or 75 Valuation Analysis;  
Part II: Health Benefits Reserve Analysis  
**RFP No.: 2020-400-11-04-ABV**

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**PROJECT OVERVIEW:**

The County of Hidalgo is seeking this request for proposal from interested and qualified firms to provide Consulting Services for **Part I: GASB 74 and/or 75 OPEB Valuation Analysis** for Hidalgo County's Other Post-Employment Benefits Package (OPEB) for **Health Benefits** for "Retired Employees". There are approximately 3,900 active employees eligible for health benefit at retirement. Of the approximately **1,100** retired employees; only **41** have elected to continue health coverage based on blended premium rates. As well as consulting services for **Part II: Health Benefits Reserve Analysis**.

Any information required from the County for these 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.

The County has four participating entities. These are Drainage District No. 1, Appraisal District, Community Service Agency and Head Start. For the OPEB analysis, the actuarial report must display totals for Hidalgo County and Drainage separately. The Hidalgo County portion shall consist of the total for the County, the Appraisal District, the Community Service Agency and Head Start. A worksheet detailing each of these three compiled entities must be provided along with the actuarial report. This worksheet must mimic all tables and schedules presented in the actuarial report for each entity. For the Reserves analysis, the actuarial report must display the best estimate reserve for each of the four entities mentioned above.

<b>PART I: GASB 74 AND/OR 75 OPEB VALUATION ANALYSIS</b>
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**Scope of Services:**

- Desired study completion date of: **02-28-2021**.
- Valuation Analysis will be for year ending: **12-31-2020**.
- Prepare an actuarial evaluation following GASB 74 and/or 75 standards.
- The following must be included in the study as follows:
  - The actuarial present value of total projected benefits, if applicable;

- Actuarial value of assets, if applicable;
- Total OPEB Liability (TOL)
- OPEB Expense
- Deferred Outflows of Resources
- Deferred Inflows of Resources
- Discount Rate
- Schedules of Deferred Inflows & Outflows of Resources
  - Due to Economic/Demographic Gains/Losses, Grand Total – All Employers
  - Due to Changes in Assumptions and Inputs, Grand Total – All Employers
  - Due to Changes in Proportionate Share – Hidalgo County
  - Differences in Actual Benefit and Proportionate Share of Benefits – Hidalgo County
  - Due to Change in Proportionate Share – Drainage District No. 1
  - Differences in Actual Benefit and Proportionate Share of Benefits – Drainage District No.1

All of the above schedules must also be done for each of the participating entities in a separate worksheet.

- 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 Total OPEB Liability, whenever a prior actuarial valuation is available to support this;
- Determination of the liability should include the impact of any implicit rate subsidies,
- 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; **(Please note: this is optional and necessary if requested by the County)**
- Prepare sensitivity analysis showing the impact of alternative assumptions on the employer's healthcare trend rates and investment rate assumptions;
- As appropriate, provide recommendations on managing the OPEB liability. This may include changes in plan design; **(Please note: this is optional and necessary if requested by the County)**
- As appropriate, review and update plan documents and design. Make recommendations as to formalizing informal plans; **(Please note: this is optional and necessary if requested by the County)**

- 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

<b>PART II: HEALTH BENEFITS RESERVE ANALYSIS</b>
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### **Scope of Services:**

- Desired study completion date of: **02-28-2021.**
- Estimate the reserve analysis as of **12-31-2020.**
- Review Hidalgo County's (County) self funded medical plan to determine reserve balances.
  - Based on claims analysis, determine the Hidalgo County's (County) estimated range (low, best estimate and high) 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, 2020.**
  - 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 broken down by entity.
- Summarize the results of the 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, 2020**.
- Provide analysis detailing the claims lag.
- Provide analysis detailing the average liability per employee
- Firm will be required to make a formal presentation of the "Actuarial Study" to Hidalgo County Commissioners Court;
- Prepare a cash flow analysis (the "pay-as-you-go-cost"); **(Please note: this is optional and necessary if requested by the County)**
  - A projection of expected income and disbursements for the remainder of 2021 and 2022, based on the current benefits;
  - Recommended aggregate funding levels for 2022;
  - Provide a written report detailing the analysis and recommendations;
  - Recommended premiums by tier per plan. Additional tiers could be added to report as needed throughout term of contract

**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 assignment. 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. Experience listed must address each key professional experience with Texas Governmental Entities and GASB 75 liability calculations.
7. The *firm* should provide a description of its experience in providing actuarial and consulting services for governmental entities/plans and a list of at least five Texan governmental entities/plans for which it has performed services similar to those identified under "Scope of Services". This list must include the name of the entity, a contact person and phone number, as well as a description of work performed. 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.)
- 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 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 commence on January 1, 2021 for a period of four (4) years;** with the county's option to renew for a two (2) years additional term, at the same rates, terms and conditions.
- Hidalgo County reserves the right to continue this proposal/contract 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 weight 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 (i.e. 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?
- List any exceptions you have with the proposed RFP and Scope of Work as well as a description of any proposed work that differs from that described.
- 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: \_\_\_\_\_