

OPEB Actuarial Valuation
Greensboro Housing Authority
June 1, 2015

Governments are required to report the actuarial value of their “other post-employment benefits” (OPEB) liability. The Greensboro Housing Authority wants to procure actuarial professional services to determine our other post-employment benefit (OPEB) liability.

I. Introduction

The Housing Authority of the City of Greensboro was chartered in 1941 as a public corporation under the laws of the State of North Carolina. The purpose of the Authority is to engage in the development, acquisition, leasing and administration of low-rent housing programs. Currently, we have in excess of 2,400 units of public housing and over 3,500 Section 8 Vouchers. The annual budgets for these two programs are approximately \$10,000,000 and \$16,000,000 respectively. Our administrative offices are located at 450 N. Church Street, Greensboro, NC 27401. Currently, GHA has approximately 108 employees and 16 retired employees (6 under 65 and 10 over 65). The primary sources of revenues are grants from the Department of Housing and Urban Development and rents from our tenants.

A committee will be used to determine the most qualified bidder on the basis of the criterion outlined below.

- Understanding of the project: (25 points)
Provide an overview of the approach your firm will use to complete the actuarial study for current employees and retirees. Approach to estimating costs for years other than a required valuation year.
- Technical Requirements: (35 points)
Technical and professional qualifications of staff assigned to the project.
Firm's past experience and performance with similar engagements.
- Fees for service: (40 points)
The cost will not be the sole determinant for award of contract.

The evaluation and selection of an actuarial firm will be based on the information submitted in the firm's proposal, references obtained, and any required on-site visits or oral presentations. Failure to respond to the requirements in the RFP may be the basis for rejecting a proposal. GHA reserves the right to reject any and all proposals. If contract negotiations cannot be concluded successfully with the highest scoring firm, GHA may negotiate a contract with the next highest scoring firm.

The request for proposals and the completed response to the request for proposals will be an addendum to the executed contract with the successful actuarial firm.

Proposals may be withdrawn by written request prior to the deadline set for acceptance of proposals. Proposals may not be revoked or withdrawn after the time set for opening of proposals and shall remain open for acceptance **for a period of sixty (60) days following such time.**

Submission Of Proposals

In order to be considered for selection, the Chief Financial Officer must receive all proposals, 450 N. Church, Greensboro, NC, no later than:

2:00 p.m. (Local Time), Wednesday, June 17, 2015

Proposals received after that time will not be accepted. Faxed and email proposals will not be accepted. All proposals should be addressed to:

Greensboro Housing Authority
Attn: Nancy Thomas
450 N. Church Street
Greensboro, NC 27401

Each bidder should include three (3) copies of their proposals in a sealed envelope. No faxed or e-mailed proposals will be accepted.

Should you have questions or need clarification, please contact Nancy Thomas at (336) 303-3216 or by email at nthomas@gha-nc.org.

II. Plan Description

GHA provides the following benefits to their employees:

- Health
- Dental
- Life Insurance

Description of plans:

Group health, dental and life insurance coverage is available to all full time eligible employees and their dependents on the 1st of the month after 30 days of employment. GHA contributes to the insurance programs the maximum amount allowable by HUD regulations governing fringe benefit programs except for those employees hired on or after February 1, 2004. These employees will make contributions toward the cost of their employee-only hospital coverage as determined annually. Currently the cost to the employee is \$50 per month.

An employee who chooses early retirement shall be entitled to continue his/her participation in the hospitalization and dental plans based on the following conditions:

- a. That the employee is eligible for early retirement based upon the provisions of the GHA retirement plan, and has completed at least 10 years of service at GHA.
- b. The extended hospitalization, dental and life benefits will terminate once the retired employee becomes eligible for Medicare, at which time the employee 10

years or more of service may elect to continue Medicare Supplementary Coverage under GHA’s group health insurance program (see g below).

- c. The hospitalization, dental and life benefits will be the same as those provided active employees under the medical and dental plans.
- d. That dependents of living retired employees may be covered during retirees’ eligibility, at the option of the retiree, with the retiree paying 100% of the premium for the dependent coverage.
- e. That for the qualifying retiree with 20 years, or more, of service the Authority will pay 100% of the cost for individual health, dental and life insurance coverage until the retiree becomes eligible for Medicare coverage.
- f. That for the qualifying retiree with 10 to 19 years of service, the retiree will pay 100% of the cost for individual health, dental and life insurance coverage until the retiree becomes eligible for Medicare coverage.
- g. That if the eligible retiree with 10 or more years of service chooses to continue coverage after he/she becomes eligible for Medicare, the retiree may elect a Medicare Supplement policy and the retiree will pay 50% of the premium for this coverage. If the retiree declines participation in the Medicare Supplement benefit at any time, they will no longer be eligible for the benefit. GHA’s Board reviews the cost of this benefit annually and can terminate at any time.

The health and dental rates currently are as follows:

	Health		Dental	
	ER	EE	ER	EE
Employee Only	\$ 519.91	\$ 0	\$36.64	\$ 0
For employees hired after 2/1/04	\$ 489.91	\$ 30.00	\$36.64	\$ 0
For employees hired after 2/1/14	\$ 469.91	\$ 50.00	\$36.64	\$ 0
Employee + One	\$ 702.60	\$245.20	\$75.93	\$ 25.32
Employee + Family	\$1,095.24	\$382.36	\$75.93	\$ 25.32

GHA will provide to the successful vendor a listing of current employees, age, date hired, hospital, dental, dependants, dependants age and life amounts. The information for retirees will include age, benefit coverage and covered dependents. A copy of the most recent employee Personnel Policy Manual will be provided to the successful bidder.

III. Scope of Services

GHA will require an update to the plan estimates annually. Please indicate the information required, time required to update and the cost of updating. GHA anticipates completing a new study each three-years with annual updates. The desired completion date for the study will be August 1, 2015 and the same time frame for each update year.

The successful actuary may be required to make a formal presentation to our Board of Commissioners. This presentation will be to inform the Board about the methodology of the study and the liability as a result of the study.

The successful bidder should identify changes that GHA can make so future studies could be completed faster and more cost effective.

The actuarial valuation must be completed following the requirements of required GASB standards (43, 45, 67, 68, etc.).

The report will need to include the following information:

- 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(s)-as a level dollar amount and as a level percentage of covered payroll.
- Net OPEB obligation (for employer disclosure under GASB statement 45 and any others if necessary).

The actuary will also 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 a cash flow analysis (the "pay-as-you-go-cost").

IV. Information about the Firm

As OPEB valuations require complex actuarial calculations and the liability must be reported in GHA's financial statements, it is critical that a firm with the appropriate experience and expertise be utilized. Please provide the following information as a part of the proposal.

- 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.
- 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
- The supervising actuary who will be assigned to the engagement should be identified and their contact information provided.
- Other actuaries and other personnel who will have key roles in the work should also be identified.
- 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.
- 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 firm experience with FASB OPEB valuations, firms should also describe their private sector OPEB valuation experience.
- For the firm's 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. The list of engagements can be both in the private or public sector but must be clearly labeled as such.
- 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.
- The firm should list any clients that have been lost in the last five years.

- The firm should provide an affirmative statement that it is independent of the Greensboro Housing Authority and that it is unaware of any potential conflicts of interest if it were selected to perform the requested work.
- The firm should describe any limits on liability that the firm requests from its clients due to negligence of its firm.
- The firm should warrant that the firm maintains errors and omissions insurance that provides a prudent amount of coverage for negligent acts or 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.
- The proposal 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.
- The response to the request for proposals should be signed by a representative of the firm with the acknowledgement that this individual is authorized to contractually bind the firm.
- The firm should indicate if there are any pending legal actions against it.

V. Process

- Approach – State the overall approach of the valuation, including objectives, scope of work to be performed and methodologies to be used.
- Describe how the firm will work with the GHA 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.
- Data 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 GHA’s staff.
- Sample Report – Include in the Appendix of the firm’s response a copy of a sample report.

VI. 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