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March 25, 2014

TO: PROSPECTIVE RETIREMENT PLAN ACTUARIAL CONSULTANTS

The North Dakota Legislative Management is seeking proposals for consultant services for assistance in a study of the main Public Employees Retirement System retirement plan. The Legislative Management has assigned the responsibility to study state employee retirement plans to its interim Government Finance Committee, Representative Jeff Delzer, Chairman. Your organization is invited to submit a proposal for providing consulting actuarial services to the committee on or before Friday, April 11, 2014.

The selection of the consultant will be made by the Government Finance Committee subject to approval by the Chairman of the Legislative Management.

As provided in Section 16 of 2013 House Bill No. 1452 (included in the attached background memorandum), the study is to review existing and potential state employee retirement plans, including an analysis of defined benefit and defined contribution plans and the feasibility, desirability, and consequences of transitioning to a state defined contribution plan. The current main state employee defined benefit retirement plan has approximately 21,000 active state and political subdivision members and 8,000 retired members. The Government Finance Committee is reviewing the actuarial costs of the defined benefit plan if new state employees hired on or after Friday, January 1, 2016, are required to participate in a separate defined contribution plan. The committee has received actuarial information from the North Dakota Public Employees Retirement System actuary, The Segal Company. The committee is seeking a separate and independent review of the actuarial costs of the defined benefit plan if it is closed to new state employees. Specific actuarial information to be provided includes cashflow projections for the following scenarios:

1. The existing retirement plan going forward until the plan reaches a 100 percent funded status at market value of assets.
2. The existing retirement plan going forward assuming that beginning January 1, 2016, all newly hired state employees are required to participate in a defined contribution plan. The information should be shown through the year the last member of the plan is projected to receive a retirement benefit. The information should be shown only for state employees.
3. The existing retirement plan going forward assuming that beginning January 1, 2016, all newly hired state employees are required to participate in a defined contribution plan and that a one-time payment is made into the retirement fund on Wednesday, July 1, 2015, which would result in the plan being fully funded through the year the last member of the plan is projected to receive a retirement benefit. The information should be shown only for state employees.

4. A separate projection of the funded status of the political subdivision portion of the plan assuming that it remains open and is segregated from the closed state plan until that plan reaches a 100 percent funded status at market value of assets.
5. The existing plan if it is closed to both state and political subdivision employees beginning January 1, 2016, until the year the last member of the plan is projected to receive a retirement benefit.

The information prepared by The Segal Company is attached to this request for proposal (RFP). Demographic information will be made available to the consultant as necessary from the North Dakota Public Employees Retirement System. The current actuary for the Public Employees Retirement System, The Segal Company, has prepared similar information. The actuarial information requested must be based on the same assumptions used by The Segal Company in its report. The consultant must also review the appropriateness of the assumptions used by The Segal Company and provide recommendations for changes, if any, to the assumptions. If changes are recommended to be made to the assumptions used by The Segal Company, the consultant must also provide the actuarial information requested using the recommended assumptions. All proposals for consultant services must include plans to reconcile any differences between the results of the consultant's work to the results of the work of The Segal Company.

The resulting contract will require a final report with findings and recommendations to be presented to the Government Finance Committee before Monday, September 1, 2014.

The proposal should include information on the individuals who would conduct the study, including educational and employment experiences, and the company's experience with similar actuarial services for public sector retirement plans. The proposal should include references for previous related studies. The proposed contract amount should be a fixed price inclusive of all expenses.

The Legislative Management intends to award the contract based on the information contained within the proposals received as well as information received from other sources. The Legislative Management reserves the right to accept or reject any or all proposals and to award a contract which the Legislative Management considers the most advantageous to the state. Consultants under contract for the state should be able to obtain lodging in the state at the rate provided by law for state government officials and employees ($74.70 per night plus tax).

If you are interested in submitting a proposal for providing these services, please submit your proposal to the Legislative Council office at the address below by Friday, April 11, 2014. The committee plans to meet on Wednesday, April 23, 2014, at the State Capitol, Bismarck, North Dakota, to hear formal presentations from consultants submitting proposals chosen for final consideration.

The Legislative Council is the point of contact for this RFP. All consultant communications regarding this RFP should be directed to the Legislative Council. Any questions regarding this RFP must be submitted in writing by mail or email to the Legislative Council office on or before Wednesday, April 2, 2014. Responses to the questions will be posted on the Legislative Council website no later than Friday, April 4, 2014.

Contacts:

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The RFP and related information, any amendments to the RFP, and all questions submitted with responses will be posted on the following website at www.legis.nd.gov. Interested consultants are encouraged to check that website periodically for any updates related to this RFP.

Sincerely,

Senator Ray Holmberg
Chairman

RH/BM