

**LACERA Actuarial Consulting and Actuarial Auditing Services RFP
Questions and Responses**

1. In the search questionnaire, Item 4 in the organizational background section asks for the most recent report relating to peer review. Would the most recent audit of us by another firm be appropriate for this?

Yes, the most recent audit or peer review of the firm would be appropriate.

2. Please provide the retainer and special services fees for the past three years of actuarial consulting services.

There is no retainer. The approximate cost for Special Projects were as follows:

Retirement Plan

FY23-24: \$25,500 (Risk Assessment + PEPRA Impact Analysis)

FY22-23: \$14,000 (Risk Assessment)

FY21-22: \$13,500 (Risk Assessment)

We added the Risk Assessment as an additional recurring project in the Fee Schedule Template. The PEPRA Impact Analysis is a one-time project, however, additional consulting services may be required in the future.

OPEB Program

FY23-24: \$7,500 paid-to-date (Lifetime Maximum Benefit Study)

FY22-23: \$32,500 (Lifetime Maximum Benefit Study)

FY21-22: \$37,000 (Lifetime Maximum Benefit Study)

The Lifetime Maximum Benefit Study is an ongoing special project. Additional fees are expected to be paid for upcoming services depending upon plan sponsor requirements.

3. Would LACERA consider negotiating any of the amounts of the insurance requirements?
LACERA will negotiate insurance coverage, depending upon the request. LACERA's policy levels are based on risk to LACERA and may be adjusted by LACERA with consultation of its counsel and insurance consultant.

4. Please provide the breakdown of the previous three years of fixed fees under the current contract for ongoing actuarial consulting.

The not-to-exceed cost (rounded to the nearest \$5K) for actuarial consulting projects for the three years of fixed fees were as follows:

Retirement Plan

FY23-24: \$280,000

FY22-23: \$315,000

FY21-22: \$230,000

OPEB Program

FY23-24: \$460,000

FY22-23: \$370,000

FY21-22: \$385,000

5. Please provide the hourly fees breakdown for the current year for ongoing actuarial consulting.

The hourly fees breakdown for FY23-24 is as follows:

Retirement Plan: \$95-490 per hour for support staff to lead actuaries.

OPEB Program: \$95-525 per hour for support staff to lead actuaries.

6. Please provide the total amount paid to your current ongoing actuarial consultant for each of the last three years.

The not-to-exceed cost (rounded to the nearest \$5K) paid to the actuarial consultant for each of the three years were as follows:

Retirement Plan + OPEB Program

FY23-24: \$740,000

FY22-23: \$685,000

FY21-22: \$615,000

7. Should the OPEB Program Consulting section of tab [Consulting Fee Schedule] of Exhibit C have these projects:

- a) Project 1: Actuarial Valuation and Consulting
- b) Project 2: Triennial Experience and Assumptions Study
- c) Project 3: GASB 75 Financial Statement Disclosure Reporting for the Los Angeles County, LACERA, and Superior Court
- d) Project 4: GASB 75 Financial Statement Disclosure Reporting for SCAQMD
- e) Project 5: Special Projects

The project list stated above is complete. We have revised the OPEB Program Consulting section of the fee template.

8. Exhibit A of Attachment H lists Special Projects (Actuarial Auditing Under Time and Material Billing). Due to the uncertainty of Special Projects, we are assuming any Special Projects would be excluded from both Exhibit A and Exhibit B, and fees would be agreed upon by LACERA and the consultant on an ad-hoc basis only after a Special Project has been determined. Is that acceptable to LACERA?

Special Projects will be billed at the agreed upon time and hours. Consultant will prepare a project scope and estimate fee letter when there are other special projects. We added the Risk Assessment as a separate project under the Fee Schedule Template.

9. Attachment K mentions investment professionals and support staff in job categories 3 and 4. Should this be reported for actuarial/consulting positions, or only for investment positions?

Please report actuaries/consultants for job category 3, and actuarial analysts for job category 4. We have revised the job category section of the DEI Attributes template.

10. For Exhibit C (Consulting Fee Schedule of Attachment K), the Risk Assessment mentioned in Attachment H is not listed as a project. Should it be included with the Retirement Plan Consulting? Or should it be treated as a Special Project?

The Risk Assessment is now Project 10 under the Retirement Plan of the Fee Schedule Template.

11. In Attachment D, a SOC-1 is listed under Exhibit G, but a SOC-2 is requested in Question 17. Please confirm a SOC-2 is acceptable for Exhibit G.

Either a SOC-1 or SOC-2 is acceptable.

12. Can you confirm whether the intent of the Consulting Fee Schedule of Attachment K is for the fees to be a) fixed fee amounts; or b) billed at the specified hourly rates but not to exceed these amounts?

Please report fixed amounts for projects stated in the 'Consulting Fees Schedule' tab. The hourly rates but not to exceed amounts are for ad-hoc special projects agreed upon by LACERA and the consultant.

13. If selected as the Association's Auditor for years 2024-2028 with optional years 2029-2030, please confirm the following audits will be performed in the respective year, as follows:
- a. 2024 – Actuarial Review (Audit) of the July 1, 2023 OPEB valuation
 - b. 2025 – Actuarial Review (Audit) of Actuarial Valuation ending June 30, 2025 (due 2/1/26); Review of GASB 68 and GASB 75 reports
 - c. 2026 – Actuarial Review of 2025 Experience Study
 - d. 2027 – Actuarial Review (Audit) of the July 1, 2026 OPEB valuation; Review of GASB 68 and GASB 75 reports
 - e. 2028 – Audit of Actuarial Valuation ending June 30, 2028 (due 2/1/29)
 - f. 2029 – Actuarial Review of 2028 Experience Study; Review of GASB 68 and GASB 75 reports
 - g. 2030 – Actuarial Review (Audit) of the July 1, 2026 OPEB valuation

Please see responses for (a) to (g) below.

- (a) No review.
- (b) Yes, for the first part. No review of GASB 68. Review of GASB 68 will be done in 2026. Yes, for review of GASB 75.
- (c) Yes.
- (d) Yes, for the first part. No review of GASB 68. Review of GASB 68 will be done in 2028. Yes, for review of GASB 75.
- (e) Yes.
- (f) Yes, for all.
- (g) Yes, if for 2029 OPEB valuation.

14. Please provide the annual fee paid for performing the actuarial audit services for each year between 2017-2023.

LACERA budgeted for actuarial audit services the following amounts:

Retirement Plan

FY23-24: \$ 16,000
FY22-23: \$141,000
FY21-22: \$230,000
FY20-21: \$ 16,000
FY19-20: \$115,000
FY18-19: \$15,000

OPEB Program

FY23-24: \$179,500
FY22-23: \$17,850
FY21-22: \$ 15,000
FY20-21: \$158,000
FY19-20: \$ 15,000
FY18-19: \$173,000

15. Please provide the annual fee paid for performing the Retirement Plan Consulting Services for years 2021-2023.

Please see response to Question 6.

16. Over the last three years (2021-2023), what actuarial consulting special projects were performed?
- a. What was the annual fee paid for special projects for years 2021-2023
Please see response to Question 2.
17. What is the 2024 budget for the Actuarial Consulting and the Actuarial Auditing?
The FY23-24 budget is \$740,000 for Actuarial Consulting and \$195,000 for Actuarial Auditing.
18. The contract terms state that the respondent will be a Fiduciary. Please confirm we would not be named as a Fiduciary with the Association, but rather, like a fiduciary we will act in the best interest of the participants before our own, act with skill and diligence of a prudent “professional”, and follow terms of the plan document. Essentially, we should exercise the Duty of Care. We will not be sitting on the Board and managing costs, making decisions, ensuring plan investments are adequately diversified, selecting vendors, and other core responsibilities that go along with being a fiduciary. Thus, we are not a fiduciary as defined under ERISA.
Neither the Actuarial Consultant nor the Actuarial Auditor would be named as a fiduciary of the fund since neither manages LACERA assets. However, both must act with a fiduciary relationship at all times for the sole benefit of and interest of LACERA and its participants in performing the scope of work in alignment with the standard of care stated in the template agreement.