



OFFICE OF THE CLERK/TREASURER City of Burlington

City Hall, Room 20, 149 Church Street, Burlington, VT 05401

Voice (802) 865-7000

Fax (802) 865-7014

TTY (802) 865-7142

Date: August 31, 2017

To: Burlington Employee's Retirement System

From: Bob Rusten, Chief Administrative Officer
Rich Goodwin, Director Financial Operations,
Stephanie Hanker, Retirement & Liability Insurance Administrator

Re: Recommendation For Actuarial Services

Burlington Employees' Retirement System -Actuarial Vendor Selection Recommendation

After the completion of the development and posting of a detailed and focused Actuarial Service request for proposal, subsequent exhaustive review of respondents' service and cost proposals, taking part in detailed finalist presentations, verification of client references and based on the weighted scoring results of all aforementioned tasks, the evaluation team's recommendation is to select Hooker and Holcombe's proposal.

The selection of H&H were based on the following five categories:

1. Level of Service commitment to the City of Burlington
2. Willingness and ability to provide ideas on potential opportunities to reduce the systems unfunded liability
3. Positive Results of reference checks
4. Commitment to collaborate and partner with the City of Burlington on the several different facets involving retirement benefits from union negotiations to cost projections
5. Ability to be proactive in contacting the City of Burlington in the cases when data provided seem out of the norm

The summarized rationale for recommending Hooker & Holcombe (H&H) is:

- H&H was the only respondent among the initial four vendors that successfully responded to virtually all of the requirements stated within the RFP without exceptions
- Their thorough and thoughtfully prepared RFP response and subsequent presentation demonstrated that H&H understood: BERS' business and actuarial needs, the nature of the procurement services, scope of actuarial valuation services, scope of OPEB services, scope of

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consulting services, importance of service pricing and a well-defined performance and response time criteria

- During the H&H presentation the service team clearly communicated their BERS' service solution, specifying its components at a detailed level and explained their BERS' scope of service rationale
- By far, H&H presented the most substantive response to the presentation requirement by being the only presenter to fully address and leverage BERS current and past financial data and offer BERS specific alternate options
- Their presentation and supporting documentation was organized, as requested, and presented by the actual actuarial service team members, which were highly professional in appearance and knowledgeable on their respective presentation service content
- It was entirely obvious from their presentation that H&H had done their homework on BERS' actuarial needs and they had provided service solutions that were entirely compatible to BERS' needs
- H&H detailed their set of well-developed proven methodologies and procedures
- H&H clearly communicated their understanding of BERS' retirement data and the importance of BERS' benefit calculation requirements
- H&H recognized the importance of the implementation process by illustrating their process and timeline, and clearly addressing questions about the process with BERS

Combining the above items with the expected service improvements, the corporate commitment, experience and knowledge base of H&H and a reduction actuarial costs are the driving reasons for selecting H&H.

After interviewing both candidate companies provided reference checks were completed for H&H which resulted in positive feedback in the areas of response to support requirements, project management, timeliness and quality of service and reporting as well as other areas such as OPEB services.

It is important to note when reviewing the cost proposals for respondent vendors' the evaluation team found that the current actuary, Conduent (Buck), submitted the highest cost proposal for all respondents. In fact, the three year cost proposal bid from Conduent was approximately 42% higher than the winning bid from H&H for the same time period.

As stated above, the reasons for the evaluation committee's selection of H&H are numerous, and are further quantified in the overall actuarial services vendor scoring results detailed below.

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Level 1	Level 2	Weight Level 1	Weight Level 2	H&H Vendor 1		CONDUENT (Buck) Vendor 2		GRS Vendor 3		Foster & Foster Vendor 4	
				Raw Score (0-10)	Adj. Score	Raw Score (0-10)	Adj. Score	Raw Score (0-10)	Adj. Score	Raw Score (0-10)	Adj. Score
Offered Services	Actuarial Service Features (B-1)	40%	40%	8.5	13.60	8.5	13.60	9.0	14.40	8.0	12.80
	OPEB Service Features (B-2)	25%	25%	8.5	8.50	8.5	8.50	9.0	9.00	7.5	7.50
	Consulting Service Features (B-3)	35%	35%	8.5	11.90	8.5	11.90	9.0	12.60	7.5	10.50
	Sub-Total		100%				34.00		36.00		30.80
						8.5					
Respondent's Qualifications (including Presentation)	Vendor Information (A-2)	25%	30%	8.0	6.00	8.5	6.38	9.0	6.75	7.5	5.63
	Required Services and Deliverables (B)		30%	8.5	6.38	8.5	6.38	9.0	6.75	7.5	5.63
	Actual Onsite Presentation		40%	8.8	8.80	0.0	0.00	8.5	8.50	0.0	0.00
	Sub-Total		100%		21.18		12.75		22.00		11.25
Reference Checks	Reference Checks	15%	100%	9.0	13.50	0.0	0.00	9.0	13.50	0.0	0.00
	Sub-Total		100%		13.50		0.00		13.50		0.00
	Total Technical Score				68.68		46.75		71.50		42.05
Cost	Project Cost	20%	100%	15.00	30.00	11.00	22.00	12.00	24.00	13.00	26.00
	Sub-Total		100%		30.00		22.00		24.00		26.00
	TOTAL SCORE		100%		98.68		68.75		95.50		68.05

Note: The chart above details the weighted service scores received for each of the respective four vendors. (Only the finalist had scores for actual onsite presentation and reference checks.)

It is important to note, when reviewing the cost proposals for respondent vendors' the evaluation team found that the current actuary, Conduent (Buck), submitted the highest cost proposal for all respondents. In fact, the fixed three-year cost proposal bid from Conduent was approximately 41% higher than the winning bid from H&H for the same services within the same time-period.

This cost difference excludes the benefit calculation certifications costs, where once again Conduent's rate was found to be much higher, more than twice as much, then H&H's rate. Below is a summary of the submitted cost proposals.

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Conduent (Buck)				
Service Deliverable	Fixed Fee Year 1	Fixed Fee Year 2	Fixed Fee Year 3	Total Fix Fee
Draft/Final Funding Valuation	\$ 25,500.00	\$ 26,300.00	\$ 27,100.00	
Draft Final GASB 67/68 Valuation Reports	\$ 12,000.00	\$ 12,400.00	\$ 12,800.00	
Experience Study	\$ 25,000.00	\$ -	\$ -	
OPEB Services	\$ 15,000.00	\$ 15,400.00	\$ 15,800.00	
	\$ 77,500.00	\$ 54,100.00	\$ 55,700.00	\$ 187,300.00
Benefit Calculation Certifications	\$370 each			
Position/Title Hourly Rate				
Principal	\$ 496.00			
Director	\$ 452.00			
Senior Consultant	\$ 404.00			
Senior Associate	\$ 340.00			
Assciate	\$ 302.00			
Hooker & Holcombe				
Service Deliverable	Fixed Fee Year 1	Fixed Fee Year 2	Fixed Fee Year 3	Total Fix Fee
Draft/Final Funding Valuation	\$ 28,500.00	\$ 29,000.00	\$ 29,500.00	
Draft Final GASB 67/68 Valuation Reports	Included	Included	Included	
Experience Study	\$ 18,000.00	\$ -	\$ -	
OPEB Services	\$ 12,500.00	\$ 2,500.00	\$ 12,500.00	
	\$ 59,000.00	\$ 31,500.00	\$ 42,000.00	\$ 132,500.00
Benefit Calculation Certifications	\$180 each			
Position/Title Hourly Rate				
Consultant/Actuaries	\$260-\$440			
Analysts/Technicians	\$150-\$260			
Support	\$100-\$160			

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