



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Request for Proposals

December 6, 2023

TO: Interested Bidders
FROM: Natalie Castle, Director, Colorado Legislative Council Staff
SUBJECT: Request for Proposals to Review the Assumptions Used to Model the Financial Situation of the Colorado Public Employees' Retirement Association (PERA)

Overview

The Colorado Legislative Council Staff (LCS), on behalf of the Pension Review Subcommittee, is requesting proposals from qualified firms to conduct an evaluation of the economic and investment assumptions used to model PERA's financial situation, as required by Section 24-51.1-101 (4)(h), C.R.S. This document presents the scope, standards, objectives, and various requirements pertaining to this project in order to assist in the preparation of proposals.

Procedural Summary

Deadline and issuing office. All proposals must be received by 4:00 p.m. on Thursday, January 11, 2024, to:

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200 E. Colfax Avenue
State Capitol Building, Room 029
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PensionReviewComm.ga@coleg.gov

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Proposal requirements. Each proposal must contain a cover sheet signed by the respondent. Respondents mailing proposals must allow sufficient time to ensure delivery within the submittal deadline. Late responses will not be accepted. Please clearly indicate on any mail, or include in the body of any email, the respondent's name and the words: "RFP – PERA." Technical questions related to this RFP may be directed to [Pension Review Subcommittee staff](#).

Selection schedule. The selection schedule is as follows:

RFP Release	December 6, 2023
Proposals Due	January 11, 2024
Subcommittee Meeting to Select Proposal and Notification of Vendor	January 26, 2024

Scope of Work

During the 2018 Legislative Session, the General Assembly passed Senate Bill 18-200, which created the Pension Review Subcommittee (subcommittee). The subcommittee is authorized by Section 24-51.1-101 (4)(h), C.R.S., to "commission an independent review of the economic and investment assumptions used to model the public employees' retirement association financial situation." The LCS is seeking proposals from nationally recognized firms that have experience with large public sector pension plans to conduct the study. According to Section 24-51.1-101 (4)(h), C.R.S., experts who are already working on behalf of PERA are not eligible for the contract.

The scope of the study will address the objective and, at a minimum, address the list of task items noted below. Responses to this RFP should set forth, in detail, the approaches, steps, and methodology that the bidder will follow to achieve the objective and respond to each item in the task list below. Additionally, bidders should anticipate that in order to conclude the study, work steps may evolve and change as work progresses and evidence is gathered. If bidders have ideas for alternative approaches that would potentially address the objective more cost-effectively, then such alternative approaches should also be clearly outlined in the bid proposal.

Objective. Perform a review of the economic and investment assumptions used to model PERA's financial situation.

To achieve the objective, the study should include:

1. An analysis of the validity and appropriateness of the actuarial methods and assumptions adopted by the PERA Board that are used in the actuarial valuations of the financial situation of the Hybrid DB Plan.
2. Identifying deviations in actuarial methods and assumptions that have resulted in the



existing Hybrid DB Plan terms and provisions no longer meeting targets and achieving sustainability that could indicate that assumptions should be changed.

3. Recommendations for any adjustments that should be considered with respect to the assumptions used to model PERA’s financial situation.
4. An analysis of whether or not PERA is on track to achieve full funding by 2048, including the likelihood of achieving full funding, and, if not, recommendations for corrective actions.
5. An analysis of the calculated normal costs that will cover current pension benefits and the share of contributions going to cover the unfunded liability of PERA.
6. Recommendations about the necessity of continuing the direct distribution to PERA pursuant to Section 24-51-414, C.R.S.
7. Recommendations about the enhancements that PERA could make to the annual analysis that it conducts pursuant to Senate Bill 14-214 to determine whether its model assumptions are meeting targets and achieving sustainability.
8. Any other recommendations the subcommittee could make to PERA regarding assumptions, funding policy, reporting practices, or other operational policies.

Planning and Fieldwork

The planning and fieldwork phases of this project are expected to take place from February through July 2024. The selected firm will be required to complete the following tasks in the planning and fieldwork stages:

Planning and Fieldwork		
Tasks	Details	Completed No Later Than
Hold Planning Meeting with LCS	Hold a planning meeting with LCS. This meeting could be held in person or via Zoom.	February 2024
Hold Entrance Conference with PERA	Hold an in-person entrance conference with PERA personnel to discuss the evaluation, timeline, and logistics. LCS may participate in this meeting. The engaged organization is responsible for scheduling this meeting with the assistance of LCS.	February 2024
Begin Fieldwork	Obtain and review documentation, interview PERA personnel and others as appropriate, and analyze data.	February 2024



Planning and Fieldwork

Tasks	Details	Completed No Later Than
	Have ongoing communication with PERA throughout fieldwork to request documentation and data; ensure a clear understanding of PERA operations, requirements, and criteria; clear the results of file reviews and data analysis; and update on logistics.	
Provide Updates to the LCS	Provide routine updates regarding the status of the engaged organization's work, noted problems, preliminary findings, etc. to LCS throughout the duration of the engagement. The engaged organization should notify LCS immediately of any problems or delays in gathering information, completing the work, or communicating with PERA. Routine updates must be provided via an email progress report every two weeks.	Every two weeks through completion of the contract
Complete Fieldwork	Complete majority of the fieldwork necessary to conclude on the evaluation's objectives and have preliminary findings developed for submission to LCS. Adjustments and refinements to the fieldwork performed will continue past this date as the draft written findings are discussed, reviewed, revised, and approved prior to submission.	June/July 2024
Present Final Report	Present the final report to the subcommittee at its July or August hearing (exact date TBD).	July/August 2024

Inquiries

Prospective bidders may make written inquiries concerning this RFP to obtain clarification of requirements. Inquiries must be submitted via email to [Pension Review Subcommittee staff](#). No inquiries will be accepted after 4:00 p.m. MT on January 11, 2024.

Proposal Format

Proposals must be written and need not be limited to the points listed in this request, but may include and cover any matter the respondent believes is relevant to the consideration of the proposal. Proposals must include, at a minimum, a detailed response that addresses all components of the scope of work.

The proposal should include a transmittal letter and identify the RFP subject, organization's name, address, telephone number, name of contact person, and date. The proposal will include



a clear identification of the material included in the bid proposal by section and page number. Please limit the transmittal letter to two pages. The letter should also provide the names of individuals authorized to make representations for the organization and their titles, addresses, and telephone numbers. The proposal must include a profile of the organization that:

- states whether the organization is local, national, or international;
- gives the location of the office from which the work would be done and number of partners, shareholders, and managers and other professional staff employed at that office;
- describes the range of activities performed by the office from which the work would be done, including descriptions of or links to prior work products that demonstrate experience and expertise providing the services described in this RFP;
- affirms that the organization is independent for purposes of this study;
- describes any work performed for PERA or the State of Colorado within the past two years, and any work planned for PERA or the State of Colorado, and explains why this work would not impair the organization's independence in performing this evaluation of PERA;
- affirms that the organization does not have any past history of substandard work (e.g., a prior engagement has been terminated for poor performance); and
- provides information on any past, current, or anticipated claims (i.e., knowledge of pending claims) on respondent contracts; explain the litigation, the issue, and its outcome or anticipated outcome.

The proposal should also include up to three references from past clients for whom similar work has been performed.

Qualifications of Assigned Personnel

The proposal must describe the proposed evaluation team's relevant experience and areas of expertise. The proposal must identify the principal staff (i.e., principals, managers, and supervisors/in-charges) who will work on the evaluation, including any specialists or subcontractors to be used. The proposal must include a resume of all principal staff highlighting their professional qualifications and similar evaluation work that they have performed. Resumes must be included in an appendix.

Organization's Approach to the Evaluation

The proposal must include a description of the methodology, approach, tools, and resources to be used to conduct the evaluation. The proposal should set forth the steps that the organization will take to achieve each of the specific objectives outlined in this RFP.



Compensation

The proposal must state the number of professional staff hours estimated to complete the work by staff level, the hourly rate, and the resulting total cost. The prospective bidder is advised that travel costs incurred in the performance of evaluations are reimbursable only as a part of the hourly rate and must be covered under said rate and will not be separately reimbursed. The proposal should break out total hours estimated to: (1) complete each issue/objective/question and (2) write and revise findings and the final report. The proposal must state the total inclusive maximum fee for which the work requested will be done. The proposal should affirm that all prices, terms, and conditions will be held firm for at least 90 days after the bid opening.

Delivery Schedule

The proposal must include a detailed proposed schedule of the work to be performed and deliverable due dates for the project milestones.

Additional Data

The organization may include additional information in this section that is considered essential to the proposal, but has not been specifically provided in response to prior sections of this RFP.

Acceptance of Proposal

This RFP does not commit LCS to award a contract, to pay any costs incurred in the preparation of a bid submitted in response to this request, or to procure or contract for services or supplies. LCS reserves the right to accept or reject, in part or in its entirety, any or all bids received as a result of this RFP if, in the opinion of LCS, it is in the best interest of the State to do so. The lowest cost proposal will not necessarily be selected. Final scope and price may be negotiated after selection of the engaged organization.

Addendum or Supplement to Request for Proposal

LCS reserves the right to issue amendments to this RFP prior to the closing date for submission of proposals. In the event that it becomes necessary to revise any part of this RFP, an addendum to this RFP will be provided to each prospective bidder.



Revisions or Clarifications

In the event that it becomes necessary to revise or clarify any part of this RFP, addenda will be provided to each potential respondent who received the original RFP and any other individual who expresses interest in responding to the RFP. It is essential that respondents acknowledge all issued addenda in their submittal.

Award without Discussion

LCS reserves the right to make an award without further discussion of proposals received. Therefore, it is important that the proposal be submitted in the most complete terms possible from both the technical and cost standpoint.

Award Information to Unsuccessful Bidders

LCS will notify all unsuccessful bidders after the award. No information will be released after the proposal submission deadline until an award has been made.

Selection Process

Individuals, firms, or organizations failing to comply with the requirements of the RFP will not receive further consideration. The most qualified respondents may be asked to interview with LCS. Individuals, firms, or organizations selected for an interview must appear with a least one principal who will have responsibility for the project.

Selection Criteria

The Pension Review Subcommittee, which may receive evaluation support from Legislative Council Staff and the Office of the State Auditor, will judge the merits of proposals received in accordance with the general criteria defined below. The bidder is responsible for providing all information requested in this RFP. Failure to do so may result in disqualification of the proposal. The evaluation team will select the bidder whose proposal is most responsive to LCS' needs while being within available resources. The specifications within this RFP represent the minimum performance necessary for response. During the evaluation process, the evaluation team may, at its discretion, request any one or all bidders to make oral presentations or answer questions about their proposals. Not all bidders may be asked to make such oral presentations. The evaluation team will assign scores to the proposals based on the established criteria. LCS will make the final decision on the contract award.



Mandatory Criteria

1. The organization is not currently working on behalf of PERA.

Evaluation Factors

1. Adequacy and completeness of the proposal.
2. Experience and stability of the organization.
3. Qualifications and experience of staff, including subcontractors and consultants.
4. Comprehensiveness and appropriateness of the proposed work plan.
5. Proposed costs (number of hours and hourly rate).
6. Proposed time frame for meeting project milestones and completion.
7. Satisfactory responses from references.

Reports and Documents Property of the General Assembly

All information collected or developed by the selected contractor shall be the property of the Colorado General Assembly. The Colorado General Assembly retains the right to release any materials pursuant to the Colorado Open Records Act.

Ownership of Proposals Received

All material submitted in response to this RFP shall become the property of the Colorado General Assembly. The Colorado General Assembly reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Any restrictions on the use of information contained within a response must be clearly stated in the response, and any such restrictions must be approved by the Director. Submission of a proposal indicates acceptance by the respondent of the conditions contained in the RFP.

Respondents that plan to use proprietary material or information must clearly identify the portions of their proposal or product that are proprietary. The Director shall make the final determination in advance of letting the contract as to whether any part of the respondent's proposal or product shall be considered proprietary. All respondents, including those using proprietary material, must describe in detail their proposed plan to meet the scope of work contained in this RFP.

Schedule of Payments

Payments for services will be provided according to the terms of the contract.



Respondent's Costs

The State of Colorado shall not be liable for any costs incurred by respondents as a result of submission of a proposal pursuant to this request.

Award of Contract

Proposals will be reviewed by LCS in accordance with the provisions of this RFP. The subcommittee reserves the right to reject any or all proposals. Proposals that do not contain at least the information required by this RFP shall be deemed nonresponsive and will not receive further consideration. The contract will be awarded to the respondent or respondents whose proposal is most advantageous to the State of Colorado. Notification of a successful respondent is expected by January 26, 2024.

Contract

In addition to standard state contract provisions, the contract negotiated with a successful respondent or respondents shall incorporate this RFP, the successful proposal and any additional methodological information that may be required. The contract shall also include an indemnification clause to hold the state harmless against any and all claims, damages, liability, and court awards as a result of any act by the contractor or any subcontractors. Additional liability insurance shall also be obtained by the contractor for personnel involved in the work included in the scope of the contract in accordance with the amounts set forth in this RFP.

The schedule and method of payment shall be determined pursuant to negotiations between the Director and the selected respondent or respondents and shall be included in the contract. If the respondent intends to subcontract any part of its responsibilities, the respondent must also identify the subcontracting individual, firm, or organization and their qualifications.

In furtherance of the requirement that the review of PERA be independent, the contractor shall not perform work for PERA until three years following the date of this contract signing.

Insurance

The contractor will be required to submit certificates showing the following minimum coverages prior to start of work:

- **Standard Workers' Compensation and Employer's Liability**, including occupational disease, covering all employees in the amount required by state statutes.



- **Comprehensive General Liability Insurance**, with minimum limits of \$1 million per occurrence and in aggregate.
- **Comprehensive Auto Liability Insurance** with a minimum limit of \$1 million per accident.

The certificates must name the State of Colorado as an additional insured and must be furnished within 10 working days after receipt of a contract award. All insurance must include provisions preventing cancellation without 30 days prior notice by certified mail to the LCS Director. Insurance specified in this section shall include coverage for acts of omissions of any subcontract.