

Date: February 28, 2018

To: Board of Directors

From: Shelley Devine, Interim General Manager 

Subject: **RESOLUTION 18-02-19 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A CONTRACT WITH CHEIRON, INC. FOR ACTUARIAL AND RELATED SERVICES FOR TWO DEFINED BENEFIT PLANS AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS**

1. Purpose of Item

The purpose of this item is to request that the TriMet Board of Directors (Board) authorize the General Manager to execute a contract with Cheiron, Inc. for actuarial and related services for two defined benefit plans and other post-employment benefit obligations (Services).

2. Type of Agenda Item

- Initial Contract
- Contract Modification
- Other _____

3. Reason for Board Action

Board approval is required for personal services contracts obligating TriMet to pay in excess of \$500,000.

4. Type of Action

- Resolution
- Ordinance 1st Reading
- Ordinance 2nd Reading
- Other _____

5. Background

TriMet’s Finance Division requires contracted support to conduct actuarial reviews for TriMet’s Defined Benefit Pension Plan for Bargaining Unit Employees (Union); Defined Benefit Pension Plan for Management and Staff Employees (Non-Union); and Other Post Employment Benefits (OBEP) per the Government Accounting Standards Board (GASB). The defined benefit plans are reviewed annually, on a fiscal year basis. The OPEB is also reviewed annually, on a calendar year basis. These valuations must be performed by a certified actuary. In addition to the actuarial reports, TriMet may also have a need for ancillary services and analysis related to these plans. Such services may include drafting amendments to the Plan or Trust agreement; advice concerning technical aspects of the plan; and keeping TriMet updated on IRS changes related to pensions.

Currently, TriMet has a contract with Milliman, Inc. to provide the Services. The contract was executed in 2014 via a competitive Request for Proposal process and expires February 28, 2018.

6. Procurement Process

TriMet conducted a competitive Request for Proposals (RFP) process to select a contractor to perform the Services. The RFP was issued on December 1, 2017, with an original due date of December 22, 2017. The deadline was extended to December 29, 2017 to allow firms more time to submit proposals and to encourage competition. A total of 1,113 firms were notified of the RFP on TriMet's vendor registration website, eBid eXchange, of which 101 downloaded the documents. In addition, TriMet reached out to those firms that submitted proposals in response to the previous RFP. TriMet received two proposals in response to the RFP from Cheiron, Inc. (Cheiron) and Milliman, Inc. (Milliman).

An Evaluation Committee (EC) comprised of staff from TriMet's Finance and Human Resources/Labor Relations Divisions was appointed to review, evaluate, and score the proposals. The evaluation criteria in the RFP included Qualifications of Proposer, Staff, and Diversity; and a Work Plan. The following table summarizes the final scoring:

Criterion (points)	Proposers	
	Cheiron	Milliman
Qualifications of Firm, Staff and Diversity (30)	27	26
Work Plan (50)	46	38
Price (20)	20	15
Total	93	79

While both firms possessed excellent qualifications, Cheiron provided a thorough work plan that described in detail how they would accomplish the required tasks as well as sophisticated work samples. Additionally, Cheiron has experience working with many transit agencies providing similar services and showed an understanding of upcoming GASB changes. Cheiron's pricing was also the most advantageous to TriMet. Staff evaluated their rates and found them to be consistent with previous rates paid for these services and determined that Cheiron's pricing is fair and reasonable.

The attached Resolution authorizes the contract with a base term of one (1) year with TriMet's option to extend for four (4) additional one (1) year terms. The not-to-exceed amount, if all option years are exercised, will be \$537,600. Cheiron's proposed pricing includes price escalations for each option year. Therefore, no price adjustments will be allowed during the life of the contract.

7. Diversity

Cheiron's workforce is comprised of 41% women and 24% minorities. Cheiron will be self-performing all work.

8. Financial/Budget Impact

The maximum amount of the contract will be \$537,600 over 5 years. The contract will be utilized for the required actuarial reports. Additional services under the contract will be

utilized as needed and as budget permits. The Services are covered under the Finance Budget for FY18.

9. Impact if Not Approved

TriMet could re-procure the contract, however, this option is not recommended because Cheiron is a well-qualified firm and has offered fair and reasonable pricing. Re-procurement would result in unnecessary delay of the upcoming OPEB report.

RESOLUTION 18-02-19

RESOLUTION OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A CONTRACT WITH CHEIRON, INC. FOR ACTUARIAL AND RELATED SERVICES FOR TWO DEFINED BENEFIT PLANS AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

WHEREAS, TriMet has authority under ORS 267.200 to enter into a contract with Cheiron, Inc. (Cheiron) for actuarial and related services for two defined benefit plans and other post-employment benefit obligations (Contract); and

WHEREAS, the total amount of the Contract shall exceed \$500,000; and

WHEREAS, the TriMet Board of Directors (Board), by Resolution dated October 25, 2017, adopted a Statement of Policies requiring the Board to approve personal services contracts obligating TriMet to pay in excess of \$500,000;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Contract shall be in conformance with applicable laws.
2. That the General Manager or the General Manager's designee is authorized to execute the Contract in an amount not to exceed \$537,600.

Dated: February 28, 2018

Attest:

Presiding Officer

Recording Secretary

Approved as to Legal Sufficiency:



Legal Department