

JUDICIAL COUNCIL OF CALIFORNIA

QUESTIONS AND ANSWERS

CFCC-2020-21-CD Actuarial Services for GASB 74/75 Compliance

November 16, 2020 (Questions No. 5-42)

5. Section 3.0 sets the contract start date as September 1, 2021. Would the Judicial Council consider an earlier contract start date such as July 1, 2021? This would allow the actuary to begin the data collection process earlier and complete the reports sooner. If necessary, the contract end date could also be revised to June 30, 2023.

Answer: No. Prior to September 1, the Judicial Council will be focused on year end reporting and will not have enough resources to manage the contract start.

6. Section 2.5.18 contains a table of project deliverables and the fifth item is “Submission of final reports accompanied by database and support documentation files”. Please clarify what is included in “database and support documentation files”. Does this refer to the additional summary worksheet provided to the State Controller’s Office which summarizes each of the 58 Superior Courts’ GASB 75 accounting entries, census counts, and primary assumptions/methods?

Answer: Yes, “Database and support documentation files” include all files provided to the State Controller’s Office to support the Final Reports, including any summary worksheets.

7. Line items 2. and 3. of Attachment 8 refer to requesting final FY2021-22 contribution/payment information and completing the FY2021-22 GASB 75 summary worksheet for the State Controller’s Office.

During the first year, the actuary should be requesting final benefit payments/contributions for the 7/1/2020-6/30/2021 fiscal year and using this information to finalize the FY2020-21 GASB 75 reporting to the State Controller’s Office (based on the FY2020-21 actuarial reports completed by the current actuary). Editing these two-line items would make them consistent with line items 12 and 13 shown later in the table. Please confirm that our understanding is correct.

Answer: Yes, that is correct.

- **Line Item 2 should be changed to “2. Request info from Courts on actual FY2020-21 benefit payments and OPEB trust contributions,”**
- **Line Item 3 should be changed to “Reconciliation of FY2020-21 GASB75 Net OPEB Obligation to SCO.”, and**
- **Line Item 6 should be changed to “Complete June 30, 2021 GASB 75 reports for FY2020-21 (included in #4 above).”**

8. Section 2.5 of the RFP includes some terms that have been superseded by GASB 74/75 (e.g., “Annual OPEB cost” replaced by “OPEB expense”). May we replace these items with their GASB 74/75 equivalents?

Answer: Yes.

9. Section 2.5.6 refers to an Actuarially Determined Employer Contribution (ADEC). Many of the courts do not calculate an ADEC. May this be omitted for the courts that don't calculate an ADEC?

Answer; For Courts that do not calculate an Actuarially Determined Employer Contribution, the Report should state so; the section should not be omitted.

10. Is there a single consolidated source for data collection for all 58 courts or is it expected that the actuary will reach out to each of the 58 local liaisons for the required data collection?

Answer: It is expected the actuary will reach out to each of the 58 courts.

11. With respect to the membership data, is it relatively clean or does it require any degree of data reconciliation and clean up? How many hours are spent on data clean-up by the incumbent actuary?

Answer: Data is relatively clean.

12. Please provide copies of the data request letters sent to the court liaisons for LA, Orange, San Diego and Alameda.

Answer: The format of the letter is not important. Data requests can be made via letter or email.

13. How many of the 58 courts are considered pay-as-you-go or instead have pre-funding trusts or similar arrangements? Please break this out as follows:

- Pay-as-you-go-plans without any pre-funding trust or similar arrangement;
- Single employer OPEB plans with their own single employer trusts;
- Participate in a multiple employer agent OPEB plan and trust;
- Participate in a pre-funded cost-sharing multiple employer OPEB plan and trust.

Answer: Due to RFP time constraints, the requested data is unavailable.

14. With respect to the underlying health insurance coverage for the retirees of each court:

- How many of the 58 courts manage their own self-insured health plan?
- How many of the 58 courts have their own fully insured health plan contract directly with an HMO or insurance company?
- How many of the 58 courts participate in the health plan of their county?
- How many of the 58 courts participate in PEMHCA for health insurance?

Answer: Due to RFP time constraints, the requested data is unavailable.

15. How many of the 58 courts offer life insurance, whether implicitly or directly subsidized?

Answer: Approximately four (4) courts offer life insurance.

16. Is there a document already prepared that lays out the benefit design (eligibility conditions, direct subsidy levels, etc.) for OPEBs offered by each of 58 courts? If so, please provide a copy.

Answer: Due to RFP time constraints, the requested data is unavailable.

17. Are all 58 courts on the same biennial valuation cycle? In other words, is the 6/30/22 reporting year an “off year” for any of the courts?

Answer: Yes, all courts are on the same biennial valuation cycle.

18. Please verify the following timing of the required actuarial valuations with respect to GASBS No. 75 reporting for all courts. If any courts differ from this schedule, please provide details.

| | Initial Year | Off-year |
|--------------------------|---------------|----------------|
| Actuarial valuation date | June 30, 2021 | June 30, 2021* |
| Measurement date | June 30, 2021 | June 30, 2022 |
| Reporting date | June 30, 2022 | June 30, 2023 |

* Results of June 30, 2021 actuarial valuation will be rolled forward to June 30, 2022, assuming no significant changes occur between June 30, 2021 and June 30, 2022; if any such significant changes do occur, an additional actuarial valuation may be required.

Answer: No courts have their own schedule; all courts are on the same biennial valuation cycle.

19. With respect to the most recently available full actuarial valuation reporting for GASBS No. 75 (presumably for the 6/30/20 reporting date, based on the 6/30/19 measurement date and the 6/30/19 full actuarial valuation date):

a. Please provide a copy of the most recent consolidated or summary report prepared by the actuary. If the 6/30/20 GASB No. 75 report is not yet available, please provide the one for 6/30/18.

Answer: A copy is provided

b. Please provide a copy of the individual actuarial reports prepared by the actuary for LA, Orange, San Diego, and Alameda for reporting year 6/30/20. If such 6/30/20 reports are not yet available, please provide them for 6/20/18.

Answer: A sample report has been provided, reports do not vary in format much by court.

20. With respect to the most recent “off-year” valuation reporting available for GABS No. 75 (presumably for the 6/30/19 reporting date, based on the 6/30/18 measurement date and a roll-forward from the valuation date of 6/30/17):

a. Please provide a copy of the most recent consolidated or summary report prepared by the actuary.

Answer: A copy is provided

b. Please provide a copy of the individual “off-year” reports prepared by the actuary for LA, Orange, San Diego and Alameda.

Answer: A sample report has been provided; reports do not vary in format much by court.

21. Please provide a copy of the most recent project management plan, as described in section 2.4.2.

Answer: There is no set format to the project management plan.

22. Please provide a copy of a sample weekly report as mentioned in item #5 of Attachment 8.

Answer: There is no set format for the weekly report.

23. Footnotes (2) and (3) of the Attachment 8 refer to VIA. Could you please explain what that is and how it works?

Answer: VIA represents an acronym from a previous version of the RFP that has since been deleted. Generally, the footnotes are describing instances where courts or the Judicial Council can or must contract separately for additional work.

The revised reading of these Footnotes is:

- 2) Courts with explicit funding policies can separately contract to prepare a report showing determination of the Actuarially Determined Contribution (ADC).
- 3) Courts with substantial benefit changes will need a new “full” valuation, (separate contract), most will not.

24. If the incumbent actuary performed services under separate contracts for special work requested by the courts or the Judicial Council, what were the fees paid for those services during the last two years?

Answer: No separate contracts for special work has been requested by the Judicial Council. The Judicial Council is not aware of work requested by the courts by the incumbent, as it relates to OPEB.

25. Please provide the total amount of fees paid to the incumbent actuary for services during each of the last two years (separately), broken out:

- a. Into any separate categories of standard services and
- b. By special services under separate contracts.

Answer: The total amount paid to the incumbent actuary during each of the last two years is as below. The Judicial Council's Fiscal Year runs July 1 – June 30. No separate contracts exist with this vendor.

Fiscal Year 2018-2019 - \$131,387

Fiscal Year 2019-2020 - \$556,062

26. How many of the 58 courts provide their retirees with pension benefits through:
- CalPERS;
 - Their respective local county retirement systems; or
 - Their own independent retirement program.

Answer: Due to RFP time constraints, the requested data is unavailable.

27. How many in-person or video conferencing meetings were held (Attachment 8, Table 1, item 10) with the local courts during each of the last two years.

Answer: There is no set number of meetings expected in the RFP, communication can be via email, phone, in-person or video conferencing meetings.

28. With respect to Section 6.2.2, do you want an explanation of our approach to each of the 17 items that appear in the table that follows section 6?

Answer: Yes.

29. Why is the Judicial Council going out to bid for this work at this time?

Answer: The work cannot be completed in-house. To solicit firms to work on the project, an RFP must be completed per JCC contracting policies.

30. Is the incumbent permitted to bid on this work?

Answer: Yes

31. Is the Council satisfied with the current level of service? Are there any changes that the Council would like to see?

Answer: Please see the RFP and its attachments for information on services and deliverables that the Judicial Council is currently seeking.

32. How many of the 58 courts have assets in a dedicated trust for OPEB?

Answer: Due to RFP time constraints, the requested data is unavailable.

33. How many of the 58 courts are attempting to pre-fund benefits as of the most recent valuation date?

Answer: Due to RFP time constraints, the requested data is unavailable.

34. How is the investment rate of return assumption derived for pre-funded plans, and which entity or entities have the authority to select the assumption?

Answer: The Judicial Council (JCC) has the authority to select the assumption. The rate is derived based on a building-block methodology based on asset class composition of the courts investments.

35. Section 2.5.7. listed under Technical Tasks and Deliverables refers to the annual OPEB cost. Attachment 8 references the net OPEB obligation, which were terms from GASB 45, the prior accounting standard for OPEB. Will the selected firm be expected to make calculations in accordance with GASB 45 in addition to all GASB 75-required financial reporting disclosures?

Answer: No, terminology should be updated to GASB 75 terms. No reporting of calculations used for GASB 45 that have been superseded by GASB 75 are necessary.

Annual OPEB Cost should be updated to OPEB Expense. Net OPEB obligation should be updated to Net OPEB Liability.

36. How many of the plans use CalPERS demographic assumptions? For plans that do not use CalPERS assumptions, how are demographic assumptions chosen?

Answer: Due to RFP time constraints, the requested data count is not available. Demographic assumptions are chosen based on the pension plan from which the current or future retiree will retire.

37. Attachment 8, Deliverables, Estimated Hours and Fees, Item 10 references meeting with courts to discuss valuation reports and OPEB funding policies. Approximately how many of these meetings have been conducted in prior years, and are a similar number expected to occur in future years? How many of them are expected to be conducted in person?

Answer: There is no set number of meetings expected in the RFP. Communication can be via email, phone, in-person or video conferencing meetings. There is no expectation of in-person meeting, unless tele- or videoconferencing is insufficient to resolve issues.

38. Is there a report summary to summarize plan type, head counts, funding policies, total OPEB liability, fiduciary net position, net OPEB liability, OPEB expense and other items by court plan?

Answer: Due to RFP time constraints, the requested data is unavailable.

39. Please provide summaries of benefit plan provisions for the 58 courts from the most recently completed valuation for each plan.

Answer: Due to RFP time constraints, the requested data is unavailable.

40. Please provide an appropriately robust sample of actuarial valuation reports from the most recently completed valuation cycle.

Answer: A report sample has been provided. The format does not differ significantly from court to court.

41. What legal relationship, if any, exists between the Council and the superior courts? If a legal relationship exists, please provide a summary of the structure of the relationship.

Answer: For more information about the Judicial Council and the superior courts, please visit www.courts.ca.gov, including the following links:

<https://www.courts.ca.gov/policyadmin-jc.htm>

<https://www.courts.ca.gov/rules.htm>

<https://www.courts.ca.gov/advisorybodies.htm>

<https://www.courts.ca.gov/courts.htm>

<https://www.courts.ca.gov/programs.htm>

42. If a legal relationship exists between the Council and the superior courts, does the Council have the authority to legally bind the superior courts to contractual terms and conditions for the work performed pursuant to this RFP?

Answer: This does not seem to be relevant to this RFP, because the proposed contract resulting from this RFP will be between the Judicial Council and the selected vendor. You may wish to consult with your legal counsel for further guidance about topics such as legal standing and risk allocation under the agreement.

END OF QUESTIONS AND ANSWERS