

**REQUEST FOR PROPOSAL  
FOR  
ACTUARIAL CONSULTING**

**PACT PROGRAM  
STATE TREASURER OF ALABAMA**

**Release Date: July 12, 2021**

**Proposal Due Date: August 13, 2021**

***BEASON-HAMMON ALABAMA TAXPAYER AND CITIZEN PROTECTION ACT COMPLIANCE***

**The Beason-Hammon Alabama Taxpayer and Citizen Protection Act (§§31-13-1 et. seq, Code of Alabama, 1975 as amended by Act 2012-491) regulates illegal immigration in the State of Alabama. All contracts with the State or a political subdivision thereof must comply with that law.**

**For the purposes of this RFP and any responding Proposal, the following sections of that law impose specific requirements:** Section 9 (a) of the Act provides “As a condition for the award of any contract, grant, or incentive by the state, any political subdivision thereof, or a state-funded entity to a business entity or employer that employs one or more employees, the business entity or employer shall not knowingly employ, hire for employment, or continue to employ an unauthorized alien within the State of Alabama.”

Section 9(b) of the Act requires “As a condition for the award of any contract, grant, or incentive by the state, any political subdivision thereof, or a state-funded entity to a business entity or employer that employs one or more employees within the State of Alabama, the business entity or employer shall provide documentation establishing that the business entity or employer is enrolled in the E-Verify program.”

As provided in the Act a “**business entity**” is *any person or group of persons performing or engaging in any activity, enterprise, profession, or occupation for gain, benefit, advantage, or livelihood, whether for profit or not for profit* and an “**employer**” is defined as *any person, firm, corporation, partnership, joint stock association, agent, manager, representative, foreman, or other person having control or custody of any employment, place of employment, or of any employee, including any person or entity employing any person for hire within the State of Alabama, including a public employer. This term shall not include the occupant of a household contracting with another person to perform casual domestic labor within the household.*

A Proposal must include a statement that the Proposer has knowledge of this law and is in compliance. Before a contract is signed, the Contractor awarded the contract must submit a Certificate of Compliance using the form at Exhibit D to this RFP and, unless exempt because it has no employees in the State of Alabama, a complete copy of the Memorandum of Understanding issued by the United State Department of Homeland Security upon enrollment in the E-Verify Program. E-Verify enrollment can be accomplished at the website of the United States Department of Homeland Security at <http://www.uscis.gov>.

See Section 10 for additional language required by Section 9(k) of the Act to be included in the contract.

*Rev.5-14-13*

## **GENERAL INFORMATION**

### **1. Overview**

This Request for Proposal (RFP) has been issued by the Board of Trustees (“Board”) of the Prepaid Affordable College Tuition Program (“PACT”). The Board solicits proposals from qualified professional firms interested in providing actuarial consulting services (“the Firm”) to the Board.

This Request for Proposals (hereinafter “RFP”) is issued in accordance with the requirements of Section 41-16-72(4), Code of Alabama (1975). This RFP is not an offer to contract but seeks the submission of proposals from qualified, professional firms that may form the basis for negotiation of an agreement. *The Board reserves the right to reject any or all proposals and to solicit additional proposals if that is determined to be in the best interest of the Alabama PACT Trust Fund.*

### **2. History of the PACT Program**

PACT is a qualified 529 prepaid college tuition savings program whereby prepaid college tuition contracts were sold to purchasers to pay in advance college tuition and qualified fees for beneficiaries. The program is no longer open to enrollment. The PACT Trust Fund holds the program assets.

A class action settlement agreement was entered into between PACT Class Members and the PACT Board of Directors and Trustees in 2011 to establish a baseline monetary amount to be remitted in the future as payment of tuition and fees under PACT contracts. The settlement is expressly conditioned upon the appropriations of earmarked funds to the PACT Trust Fund as set forth in Act 2010-725.

The PACT Trust Fund has assets, as of March 31, 2021, of approximately \$90 million with over \$74 million in cash and cash equivalents. The allocation of program assets is 100% fixed income and will be for the remaining life of the program. Currently, Regions is managing a fixed income portfolio to the Barclays 1-3 Year Government/Credit Index benchmark of approximately \$17 million with a goal of transitioning 100% of this balance to cash equivalent funds over the next four years. Regions also assists the PACT Board with performance review and investment policy.

Based upon actuarial reports, the Trust Fund is actuarially sound and is expected to remain so until 2032 which is the remaining expected life of the program.

Information about the PACT program including the current Investment Policy and actuarial reports are available at the Treasurer’s website [www.treasury.alabama.gov](http://www.treasury.alabama.gov).

### **3. Minimum Qualifications**

In order to be considered for selection, the Firm must provide Exhibit C as documented proof that the following minimum qualifications listed below are met. The Firm has a continuing obligation to disclose information throughout the RFP process should any qualifications or situations change that might render the Firm as an unqualified candidate.

1. The Firm has been in business for at least eight years conducting similar services as described in this RFP, as of December 31, 2020.
2. Firm selected shall qualify with the Secretary of State to conduct business in the State of Alabama, if applicable. (To download the form for a “Certificate of Existence”, access [www.sos.state.al.us](http://www.sos.state.al.us), corporations division, or call 334-242-5324 to request the form.)
3. As of December 31, 2020, the supervising actuary assigned to the account has at least five years’ experience as a supervising actuary in analysis and valuation assignments for prepaid tuition plans or similar systems with clients that have a minimum asset base of \$100 million.
4. The Firm and its personnel have all authorizations, permits, licenses, and certifications as may be required under federal, state or local law to perform the services specified in this RFP at the time it submits a response to the RFP.
5. The Firm will carry errors and omissions insurance or comparable instrument to cover negligent acts or omissions.
6. The Firm maintains sufficient procedures and capabilities to ensure the timely and accurate backup and full recovery for all computers and other data storage systems related to the PACT account.
7. The Firm has a company policy and practice of equal employment opportunity and non-discrimination based on race, creed or gender.
8. The Firm will comply with *The Beason-Hammon Alabama Taxpayer and Citizen Protection Act*.

### **4. Fees**

The Firm shall be entitled to receive quarterly compensation in arrears.

### **5. Proposal Required Information**

Proposals should be as thorough and detailed as possible so that your capabilities to provide the required services can be properly evaluated.

To be considered, responses to this RFP must include: The proposal and Minimum Qualifications. All proposals submitted in response to this RFP must include one original and completed Disclosure Statement as required by Section 41-16-80, et seq., Code of Alabama (1975). Copies of the Disclosure Statement, and information, may be downloaded from the Alabama Attorney General’s web site at <http://www.ago.alabama.gov/File-AL-Vendor-Disclosure-Statement>.

## **6. Submission of Proposals**

**Issuing Office.** The State Treasurer serves as Chairman to the Board and, in this capacity, is issuing the RFP on behalf of the Board.

Office of State Treasurer John McMillan  
Alabama State Capitol  
600 Dexter Avenue, Suite S106  
Montgomery, Alabama 36104  
Phone: 334-242-7501

**Submission Deadline.** It is the responsibility of the Respondent to ensure that its proposal is timely delivered and received in the Treasurer's Office on or before 5:00 p.m. on August 13, 2021. Provide one original proposal response by mail or email. Email an electronic copy of the response to [Brittany.matthews@treasury.alabama.gov](mailto:Brittany.matthews@treasury.alabama.gov) for retention purposes. If your response includes confidential trade secrets or proprietary information, also send an electronic version with those sections redacted in the event a public information request for your response is received (see Section 11 for additional information).

**Questions and Inquiries.** The sole point of contact for purposes of this RFP is Anita Kelley. Any questions or inquiries should be directed to [anita.kelley@treasury.alabama.gov](mailto:anita.kelley@treasury.alabama.gov) by August 10, 2021 to ensure a timely response. Any oral communications shall be considered unofficial and nonbinding on the State.

**Rejection of all Proposals.** The Board reserves the right to reject any or all proposals and/or to solicit additional proposals if that is determined to be fiscally advantageous to the State or otherwise in its best interests.

## **7. Efforts to Influence Selection Process Prohibited**

The integrity of the Request for Proposals process is of primary importance and will not be compromised. Any written or oral communications beyond the RFP Response made by responders, or others on their behalf, whether paid or unpaid, to influence the selection process, from the time the RFP is issued through its conclusion, made directly or indirectly to the Treasurer, Board members or Treasury staff will be grounds for immediate elimination from the selection process.

## **8. Evaluation and Selection**

After the review and evaluation of the proposals, the Board may conduct interviews. Finalists chosen for interviews, if necessary, will be notified. The Board will select the Firm the Board determines, in its sole discretion, to be fully qualified and best suited among those submitting proposals to meet the needs of PACT in a cost-effective manner. The Board reserves the right to request a best and final offer for fees from finalists.

## **9. Agreement**

All duties of the Actuary shall be set forth in a contract agreement between the Firm and the Board. It is expected the term of the contract will be for a five-year period. The contract will incorporate reference to the requirements of the RFP and the Firm's proposal as negotiated.

In compliance with the Beason-Hammon Alabama Taxpayer and Citizen Protection Act (§31-13-9(k), code of Alabama, 1975, as amended), the contract will include the following language:

*“By signing this contract, the contracting parties affirm, for the duration of the agreement, that they will not violate federal immigration law or knowingly employ, hire for employment, or continue to employ an unauthorized alien within the State of Alabama. Furthermore, a contracting party found to be in violation of this provision shall be deemed in breach of the agreement and shall be responsible for all damages resulting therefrom.”*

You are charged with knowledge that there are certain terms standard to most commercial contracts in private sector use which the Board is prevented by law and policy from accepting. These include (1) indemnification and hold harmless of the vendor or third parties, (2) consent to choice of law and venue other than the State of Alabama, (3) methods of dispute resolution other than negotiation and non-binding mediation, (4) waivers of subrogation and other rights against third parties and (5) some provisions limiting damages to the cost of goods or services.

## **10. Public Information**

All responses received will be subject to the Alabama Open Records Act, §36-12-40, Code of Alabama and may be subject to public disclosure upon request. The Open Records Act is remedial and should therefore be liberally construed in favor of the public. The Alabama Trade Secrets Act is §8-27-1 through §8-27-6, Code of Alabama. Responders are cautioned to be familiar with these statutes. The burden is on the one asserting the trade secret to show that the information sought to be protected meets the definition of a Trade Secret as defined in the Act.

Any RFP response submitted that contains confidential, trade secrets or proprietary commercial information must be conspicuously marked on the outside as containing confidential information, and each page upon which confidential information appears must be conspicuously marked as such. Identification of the entire Proposal as confidential is not acceptable unless the Firm enumerates the specific grounds or applicable laws which support treatment of the entire material as protected from disclosure according to the foregoing statutes or other applicable Alabama law.

The owner of the confidential information shall indemnify and hold the State of Alabama, the State Treasurer, and Treasury staff harmless from all costs or expenses, including but not limited to attorney fees and expenses related to litigation concerning disclosure of said information and documents.

# **Exhibit A Proposal**

## **Part I. Organization**

**Corporate Information** - Provide an overview of your firm, including the following: Corporate profile, including the financial condition of the firm, overall business objectives, strategic plans for growth, and ownership. Are there any changes pending in this profile?

1. Information on all “related” or “affiliated” firms.
2. List all office locations and the functions performed at each location.
3. Provide a listing of all vendors or subcontractors your firm will partner with to provide services to the fund.
4. Provide details of any past or pending litigation relating to your firm, individual personnel, or to the management of client assets.
5. Provide details of all SEC fidelity bonds, errors and omissions coverage, and any other fiduciary insurance, which your firm carries.
6. Provide details of any claims, disputes, litigation or other legal proceedings where your firm is involved with the State of Alabama or any of its agencies, or has been involved, in the three preceding years.

## **Part II. Personnel**

Provide biographies of the person/persons/or team members who will be assigned to this account.

## **Part III. Account Management**

1. Describe your pertinent experience in providing actuarial services to 529 Qualified Tuition Plans or similar programs.
2. How long has your firm been providing actuary services? How many clients currently use this service?
3. Provide the following information on at least three clients (including contact persons for whom similar services as described in the RFP are provided):
  - Company
  - Address
  - Contact
  - Telephone Number
  - Length of Relationship in Year
  - Services Provided

## **Part IV. Scope of Services**

### **A. General. In general, the Firm is expected to provide the following:**

1. Provide expert advice and guidance regarding any actuarial and policy issues which may affect the actuarial soundness of PACT. Provide expert testimony to various authorities, including the State Legislature and Court, if the need arises.
2. Provide guidance and advice regarding any new actuarial issues that may affect PACT and which arise during the term of the contract. Inform the Board, Treasurer and staff on developments in federal legislations and/or regulations regarding college financing, tuition rates, etc.
3. Virtually or in person attend a minimum of two board meetings annually in May and November.

### **B. Actuarial Analyses**

1. Perform quarterly actuarial valuation and analysis, or more often, if requested by the Board. Actuarial analyses shall contain sufficient explanatory text to permit a reasonable understanding of the actuarial assumptions and conclusions. This shall include, but not limited to the following:
  - a. Executive Summary
  - b. Assumptions and Methods
    - Data and Assets
    - Weighted Average Tuition
    - Tuition Inflation
    - Investment Return
    - Payment of Tuition
    - Cancellations
    - School Choice
    - Administration Expenses
  - c. Summary of Funding
  - d. Projected Cash Flow

Additionally, the annual report will be presented at the November meeting and should include more detailed information on the above topics and include appendixes to further detail funded status, trust assets, cash flow, asset and liability projection, active contracts and matriculation information.

2. Periodically review the form and content of data files maintained by PACT and make recommendations for modifications, additions or deletions.
3. Maintain a database in order to individually reconcile and sort data such as college enrollment, tuition, contract and investment data from year to year and to test the accuracy of the submitted data to be used to perform the cumulative analyses. PACT will provide copies of data files to the approved Firm, however, the Firm must keep this information confidential unless otherwise approved by PACT.
4. Provide recommendations and guidance regarding the actuarial soundness of the Program in order to increase the PACT benefits paid, and to provide associated scenarios.
5. Provide recommendations and guidance regarding actuarial assumptions (including non-economic), and document changes in assumptions with applicable written analysis. Assumptions include, but are not limited to, college enrollment, tuition increases, PACT

contract cancellations, potential bias for attendance at certain colleges, death and disability, and usage of benefits.

6. Quarterly, develop a thorough cash flow analysis of the program's assets and liabilities, which includes a forecast of future financial obligations of PACT based on, but not limited to, the age or grade of the beneficiary, tuition rates, years remaining before benefit payment is due, investment returns, pricing strategy, etc.
7. Assess and recommend strategies for maintaining a fully funded status.
8. Analyze tuition and fee data for state public universities, college, and community/two-year colleges, and provide a determination of the Weighted Average Tuition rates, and Current Tuition Value, based on data provided by PACT.
9. By request, develop special analysis and provide various tables, scenarios, matrices, supporting documentation and other materials for reports, legislative testimony or other purposes. This can include multiple runs of data with varying assumptions.
10. Provide the calculation of contract cancellation refunds for contracts purchased prior to 1996, based on death/disability (calculation formula provided).

**Please respond to the following:**

1. Describe your experience in providing valuations of prepaid or similar type of plans.
2. Describe your method for determining assumption recommendations.
3. Describe your method for performing an actuarial analysis.
4. Describe the capability of your database system, the ownership control of this system and the facilities to be utilized in the performance of this contract.
5. Describe your ability and willingness to provide special reports and similar requested items.
6. Detail any items listed above that you are not able to provide.
7. Provide a sample actuarial report.

**EXHIBIT B**  
**STATEMENT OF FEES**

Provide a proposed Fee Schedule for the services described in this RFP. Compensation is paid in arrears based on periodic invoices submitted and itemized in sufficient detail for a proper review and confirmation to be performed.

Any charge for services not addressed in the Fee Schedule in your proposal will not be allowed during the course of the contract. Provide fees for a 5-year contract term.

The Fee Schedule can propose a separate fee for any service not described in this RFP but which the Firm provides for other programs which might be beneficial.

**EXHIBIT C**  
**MINIMUM QUALIFICATIONS**

1. The Firm has been in business for at least eight years conducting similar services as described in this RFP, as of December 31, 2020.
2. The Firm shall qualify with the Secretary of State to conduct business in the State of Alabama if selected.  
 Yes     No
3. The actuarial manager assigned to the Alabama PACT Trust Fund account has at least five years' experience as a supervising actuary in analysis and valuation for prepaid tuition plans or similar systems as of December 31, 2020.  
 Yes     No
4. The Firm carries errors and omissions insurance and fiduciary or or professional liability insurance.  
 Yes     No
5. The Firm and its personnel have all authorizations, permits, licenses and certifications as may be required under federal, state or local law to perform the services specified in this RFP at the time it submits a response to the RFP.  
 Yes     No
6. The Firm has a policy and practice of equal employment opportunity and non-discrimination based on race, age, creed or gender.  
 Yes     No
7. The firm maintains sufficient procedures and capabilities to ensure the timely and accurate backup and full recovery for all computers and other data storage systems related to this account.  
 Yes     No
8. The Firm will comply with the *Beason-Hammon Alabama Taxpayer and Citizen Protection Act*.  
 Yes     No

**EXHIBIT D**  
Certificate of Compliance

**CERTIFICATE OF COMPLIANCE WITH THE BEASON-HAMMON ALABAMA TAXPAYER  
AND CITIZEN PROTECTION ACT (ACT 2011-535, as amended by Act 2012-491)**

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**RE Contract/Grant/Incentive (describe by number or subject):**  
\_\_\_\_\_ by and between  
\_\_\_\_\_ (Contractor/Grantee) and  
\_\_\_\_\_ (State Agency or Department or  
other Public Entity)

The undersigned hereby certifies to the State of Alabama as follows:

1. The undersigned holds the position of \_\_\_\_\_ with the Contractor/Grantee named above, is authorized to provide the representations that are set out in this Certificate as the official and binding act of that entity, and has knowledge of the provisions of THE BEASON-HAMMON ALABAMA TAXPAYER AND CITIZEN PROTECTION ACT (ACT 2011-535 of the Alabama Legislature, as amended by Act 2012-491) which is described herein as "the Act".
2. Applying the following definitions from the Section 3 of the Act, the Contractor/Grantee business structure is as indicated by my initials.

**BUSINESS ENTITY.** Any person or group of persons employing one or more persons performing or engaging in any activity, enterprise, profession, or occupation for gain, benefit, advantage, or livelihood, whether for profit or not for profit.

"Business entity" shall include, but not be limited to the following:

- a. Self-employed individuals, business entities filing articles of incorporation, partnerships, limited partnerships, limited liability companies, foreign corporations, foreign limited partnerships, foreign limited liability companies authorized to transact business in this state, business trusts, and any business entity that registers with the Secretary of State.
- b. Any business entity that possesses a business license, permit, certificate, approval, registration, charter, or similar form of authorization issued by the state, any business entity that is exempt by law from obtaining such a business license, and any business entity that is operating unlawfully without a business license.

**EMPLOYER.** Any person, firm, corporation, partnership, joint stock association, agent, manager, representative, foreman, or other person having control or custody of any employment, place of employment, or of any employee, including any including any person or entity employing any person for hire within the State of Alabama, including a public employer. This term shall not include the occupant of a household contracting with another person to perform casual domestic labor within the household.

- \_\_\_\_\_ a. The Contractor/Grantee is a business entity or employer as those terms are defined in Section 3 of the Act.
- \_\_\_\_\_ b. The Contractor/Grantee is not a business entity or employer as those terms are defined in Section 3 of the Act.

3. As of the date of this Certificate, Contractor/Grantee does not knowingly employ an unauthorized alien, as that term is defined in Section 3 of the Act, within the State of Alabama and hereafter it will not knowingly employ, hire for employment, or continue to employ an unauthorized alien within the State of Alabama.

*{Alien is any person who is not a citizen or national of the United States, as described in 8 U.S.C. § 1101, et seq., and any amendments thereto.}*

*{Unauthorized Alien is an alien who is not authorized to work in the United States as defined in 8 U.S.C. § 1324a (h)(3).}*

4. Contractor/Grantee is enrolled in E-Verify unless it is not eligible to enroll because of the rules of that program or other factors beyond its control.

Certified this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_.

\_\_\_\_\_  
Name of Contractor/Grantee/Recipient

By: \_\_\_\_\_

Its \_\_\_\_\_

The above Certification was signed in my presence by the person whose name appears above, on this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_.

WITNESS \_\_\_\_\_  
Print Name of Witness