

	<b>State of South Carolina</b> <b>South Carolina Public Employee Benefit Authority</b> <b>Request For Proposal Amendment 2</b>	Solicitation Number: PEBA0212018 Date Issued: 05/02/2018 Procurement Officer: Georgia Gillens, CPPO, CPPB Phone: 803.734.0010 E-mail Address: <a href="mailto:GGillens@peba.sc.gov">GGillens@peba.sc.gov</a>

**DESCRIPTION: Fiduciary Liability Insurance**

**SUBMIT OFFER BY (Opening Date/Time): 05/16/2018 10:00 AM**

*The Term "Offer" Means Your "Proposal". Your offer must be submitted in a sealed package. The Solicitation Number & Opening Date should appear on the package exterior. See the clause entitled "Submitting Your Offer or Modification."*

**SUBMIT YOUR SEALED OFFER TO EITHER OF THE FOLLOWING ADDRESSES:**

<b>MAILING ADDRESS:</b> South Carolina Public Employee Benefit Authority P.O. Box 11960 Columbia, S.C. 29211-1960 Attention: Georgia Gillens, CPPO, CPPB	<b>PHYSICAL ADDRESS:</b> South Carolina Public Employee Benefit Authority 202 Arbor Lake Drive Columbia, S.C. 29223 Attention: Georgia Gillens, CPPO, CPPB
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<b>AWARD &amp; AMENDMENTS</b>	Award will be posted on <b>05/25/2018</b> . The award, this solicitation, any amendments, and any related notices will be posted at the following web address: <a href="https://procurement.sc.gov/vendor/contract-oppo/other-solicitations/peba">https://procurement.sc.gov/vendor/contract-oppo/other-solicitations/peba</a>
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You must submit a signed copy of this form with Your Offer. By submitting a proposal, You agree to be bound by the terms of the Solicitation. You agree to hold Your Offer open for a minimum of one hundred twenty (120) calendar days after the Opening Date. (See the clause entitled "Signing Your Offer.")

<b>NAME OF OFFEROR</b>  <small>(Full legal name of business submitting the offer)</small>		Any award issued will be issued to, and the contract will be formed with, the entity identified as the Offeror. The entity named as the offeror must be a single and distinct legal entity. Do not use the name of a branch office or a division of a larger entity if the branch or division is not a separate legal entity, i.e., a separate corporation, partnership, sole proprietorship, etc.
<b>AUTHORIZED SIGNATURE</b>  <small>(Person must be authorized to submit binding offer to contract on behalf of Offeror.)</small>		
<b>TITLE</b>  <small>(Business title of person signing above)</small>		<b>STATE VENDOR NO.</b>  <small>(Register to obtain S.C. Vendor No. at <a href="http://www.procurement.sc.gov">www.procurement.sc.gov</a>)</small>
<b>PRINTED NAME</b>  <small>(Printed name of person signing above)</small>	<b>DATE SIGNED</b>	<b>STATE OF INCORPORATION</b>  <small>(If you are a corporation, identify the state of incorporation.)</small>

<b>OFFEROR'S TYPE OF ENTITY: (Check one)</b> <span style="float: right;"><small>(See "Signing Your Offer" provision.)</small></span>		
<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Partnership	<input type="checkbox"/> Other _____
<input type="checkbox"/> Corporate entity (not tax-exempt)	<input type="checkbox"/> Corporation (tax-exempt)	<input type="checkbox"/> Government entity (federal, state, or local)

**PAGE TWO**  
**(Return Page Two with Your Offer)**

<b>HOME OFFICE ADDRESS</b> (Address for offeror's home office / principal place of business)	<b>NOTICE ADDRESS</b> (Address to which all procurement and contract related notices should be sent.)
	<hr/> Area Code - Number - Extension                      Facsimile
	<hr/> E-mail Address

<b>PAYMENT ADDRESS</b> (Address to which payments will be sent.)	<b>ORDER ADDRESS</b> (Address to which purchase orders will be sent)
<hr/> Payment Address same as Home Office Address	<hr/> Order Address same as Home Office Address
<hr/> Payment Address same as Notice Address <b>(check only one)</b>	<hr/> Order Address same as Notice Address <b>(check only one)</b>

**ACKNOWLEDGMENT OF AMENDMENTS**  
 Offerors acknowledges receipt of amendments by indicating amendment number and its date of issue. (See the clause entitled "Amendments to Solicitation")

Amendment No.	Amendment Issue Date	Amendment No.	Amendment Issue Date	Amendment No.	Amendment Issue Date	Amendment No.	Amendment Issue Date

<b>DISCOUNT FOR PROMPT PAYMENT</b> (See the clause entitled "Discount for Prompt Payment")	10 Calendar Days (%)	20 Calendar Days (%)	30 Calendar Days (%)	_____ Calendar Days (%)
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IMPORTANT NOTICE  
**AMENDMENT #2**  
**REQUEST FOR PROPOSAL – PEBA0212018**

The purpose of this amendment is to answer questions that were submitted in writing by the deadline stated in Amendment 1.

**All other terms and conditions remain unchanged.**

**The following questions were submitted in writing by Vendor A. (Answers follow.)**

Questions were submitted in word format with reference to an Excel spreadsheet. All questions, to include information from the spreadsheet, have been combined into one document for the purpose of this Amendment.

**Question #1: Plan Administration:**

Question #1 requests information regarding the administration of various plans. Please review, edit and verify the information indicated in attached Spreadsheet, tabs titled as noted below. Please provide any information missing as indicated by a blank or no response in fields contained in the following **Spreadsheets**.

**Q1a: Plan Administration- Health Insurance.**

**Please review, edit and verify the information indicated in attached Spreadsheet, tabs titled Q1a Chart #1 Plan Admin Health.**

**A:** Chart #1 was updated with additional information.

Q1a: Chart #1- Plan Administration, Health Insurance			
Position or Role	Name	First Year Employed	Information Source
Fund Manager	State Treasurer	1992	Sections 1-11-710(A)(4) and 1-1-705(G) of the Code of Laws
Consultant/ Actuary	Gabriel, Roeder, Smith and Company (GRS)	2001	Fiduciary Audit Report. Pg 104
CPA	Clifton Larson Allen	2014	Fiduciary Audit Report. Pg 118 & Comp Annual Fin Report Pg 20
Legal Counsel	Stephen Van Camp, J.D. Gen Counsel/ Ice Miller	2006/2013	Fiduciary Audit Report. Pg 118
Investment Manager	Federated Investors	2017	
Custodian of Assets	State Treasurer	1992	Sections 1-11-710(A)(4) and 1-1-705(G) of the Code of Laws

**Q1b: Plan Administration- Retirement Systems.**

Please review, edit and verify the information indicated in attached Spreadsheet, tabs titled Q1b- Chart #2 Plan Admin Retirement.

A: Chart #2 was updated with additional information.

Q1b- Chart #2- Plan Administration, Retirement			
Position or Role	Name	First Year Employed	Information Source
Fund Manager	Retirement System Investment Commission	2005	<a href="http://www.scstatehouse.gov/code/t09c016.php">http://www.scstatehouse.gov/code/t09c016.php</a>
Consultant/ Actuary	Gabriel, Roeder, Smith and Company (GRS)	2011	Fiduciary Audit Report. Pg 104
CPA	CliftonLarson Allen	2009	Retirement Systems Financial Report. Pg 9
Legal Counsel	Stephen Van Camp, J.D. Gen Counsel / Ice Miller	1997/2002	Fiduciary Audit Report. Pg 118
Investment Consultants	Meketa Investment Group & Albourne America, LLC	2017	Comprehensive Annual Financial Report. Pg. 20
Custodian of Assets	PEBA	2017*	Section 9-1-1320 of the Code of Laws
Custodial Bank	BNY Mellon Asset Servicing	2017 *	Comprehensive Annual Financial Report. Pg. 20
*Note	* Prior to the amendment of Section 9-1-1320, effective July 1, 2017, the State Treasurer served as custodian of the retirement assets and BNY Mellon was the long-time custodial bank engaged by the Treasurer. Act No. 13 of 2017.		

**Q1c: How are plan benefits provided?**

A: With regard to insurance benefits, PEBA provides a combination of insured and self-insured insurance products.

The following are self-insured products: State Health Plan, including the high deductible and Medicare Supplement Plans, MUSC Patient Centered Medical Home Plan (Pilot), State Dental Plan, and Basic Long-term Disability Plan

The following are fully insured products: Supplemental Long-term Disability Plan (The Standard), Dental Plus (Blue Cross Blue Shield of South Carolina), Life Insurance (MetLife), and State Vision Plan (Eye Med).

With regard to retirement benefits, PEBA's retirement plans are funded by a combination of employee contributions, employer contributions and investment earnings on these contributions.

**Q1d: If the trust or plan does not retain an independent investment manager, who makes the investment decisions?**

**A:** PEBA's Defined Benefit Pension Plans (SCRS, PORS, GARS, JSRS, SCNG): The Retirement System Investment Commission makes investment decisions regarding the assets in these plans. S.C. Code Ann. Section 9-1-1310(A); Title 9, Chapter 16 of the Code of Laws.

PEBA's Deferred Compensation Program: Individual participants make investment decisions in these defined contribution plans utilizing an investment lineup designated by the PEBA Board. S.C. Code Ann. Section 8-23-20.

PEBA's State Optional Retirement Program: Individual participants make investment decisions in this defined contribution plan utilizing investment lineups approved by the PEBA Board through at least four investment companies designated by the PEBA Board. S.C. Code Ann. Section 9-20-30.

The State Health Plan (SHP) Operating Trust: The State Treasurer invests the assets in the SHP Operating Trust. S.C. Code Ann. Section 1-11-710(A)(4).

Retiree Health Insurance Trust Fund: The State Treasurer invests the assets in the Retiree Health Insurance Trust Fund. S.C. Code Ann. Section 1-11-705(G)(1).

Long Term Disability Trust Fund: The State Treasurer invests the assets in the Long Term Disability Trust Fund. S.C. Code Ann. Section 1-11-707(G)(1).

**Q1e: Who administers the daily operations of the trust or plan? Please provide the name of the firm if other than PEBA.**

**A:** PEBA directly administers its defined benefit retirement plans (SCRS, PORS, GARS, JSRS, and SCNG)

PEBA contracts with Empower Retirement to administer the Deferred Compensation Program, and with four investment companies, TIAA, Valic, Met Life, and Mass Mutual, to administer the State Optional Retirement Program.

PEBA collects premiums and handles enrollment for its self-insured insurance plans: the State Health Plan, including the high deductible and Medicare Supplement Plans; the MUSC Patient Centered Medical Home Plan (Pilot); the State Dental Plan; and, the Basic Long-term Disability Plan. For these self-insured plans, PEBA designs the plan and gives direction to the contractors that administer the benefits. Currently, Blue Cross Blue Shield of South Carolina provides administrative services for PEBA's self-funded insurance plans regarding the processing of medical claims and the management of the PEBA-owned physician network. PEBA also contracts with Express Scripts (ESI) to provide pharmaceutical management services. The Standard adjudicates eligibility for Basic Long Term Disability benefits. PEBA handles appeals of decisions from determinations made by Blue Cross, ESI and The Standard.

The fully-insured insurance products are managed by the fully-insured vendor: The Standard for the Supplemental Long-term Disability Plan, Blue Cross Blue Shield of South Carolina for Dental Plus, Met Life for Life Insurance, and Eye Med for the State Vision Plan.

**Q1f: How often are formal trustee meetings held?**

**A:** PEBA Board of Directors meets as needed, but no less than quarterly. S.C. Code Ann. Section 9-4-10(H).

**Question #2: Plan Sizes:**

**Question #2 requests information regarding various plan size, including assets, contributions and number of participants. Please review, edit and verify the information indicated in attached Spreadsheet, tabs titled as noted below. Please provide any information missing as indicated by a blank or no response in fields contained in the following Spreadsheets.**

**A:** Charts # 1 and 2 of the Spreadsheet were updated.

Data in Charts #3 through #8 and #10 were as of the financial statements dated June 30, 2017.

Data in Chart #9 is based on the year ending December 31, 2016.

PEBA confirms the data in Spreadsheet Charts #3 through #9 and made no changes to these charts.

PEBA edited Chart #10 to reflect total health insurance assets of \$581.5 million for 2017 rather than \$581.4 million. PEBA also edited Chart #10 to reflect total health insurance assets of \$525.2 million for 2016 rather than \$525.0 million. PEBA Insurance Audited Financial Statements as of the year ending June 30, 2017, at p. 4.

**Q2a: Chart #3 Total Retirement System**

**A:** Data in Chart #3 was as of the financial statements dated June 30, 2017. PEBA confirms the data in Spreadsheet Chart #3 and made no changes to the chart.

Q2a- Chart #3 Total Retirement				
Year	Total Assets	Annual Contributions	Number of Participants	Information Source
2017	\$ 31,833,061,000	\$ 256,491,000	577,316	Comprehensive Annual Financial Report pg 40
2016	\$ 29,828,045,000	\$ 233,308,000	563,631	Comprehensive Annual Financial Report pg 40

**Q2b: Chart #4 SCRS Pension Trust Fund**

Information Source- Retirement Systems Financial Statements:

Total Assets- Retirement Systems Financial Statements pg. 18

Annual Contributions- Retirement Systems Financial Statements pg. 65

Number of Participants- Retirement Systems Financial Statements pg. 22

**A:** Data in Chart #4 was as of the financial statements dated June 30, 2017. PEBA confirms the data in Spreadsheet Chart #4 and made no changes to the chart.

<b>Q2b: Chart #4, SCRS Pension Trust Fund</b>			
<b>Year</b>	<b>Total Assets</b>	<b>Annual Contributions</b>	<b>Number of Participants</b>
2017	\$ 27,132,903,000	\$ 229,633,000	498,584

**Q2c: Chart #5 PORS Plan Size**

Information Source- Retirement Systems Financial Statements:

Total Assets- Retirement Systems Financial Statements pg. 18

Annual Contributions- Retirement Systems Financial Statements pg. 66

Number of Participants- Retirement Systems Financial Statements pg. 22

**A:** Data in Chart #5 was as of the financial statements dated June 30, 2017. PEBA confirms the data in Spreadsheet Chart #5 and made no changes to the chart.

<b>Q2c- Chart #5- PORS Plan Size</b>			
<b>Year</b>	<b>Total Assets</b>	<b>Annual Contributions</b>	<b>Number of Participants</b>
2017	\$ 4,480,457,000	\$ 26,152,000	58,940

**Q2d: Chart #6 GARS Plan Size**

**Information Source- Retirement Systems Financial Statements:**

**Total Assets- Retirement Systems Financial Statements pg. 18**

**Annual Contributions- Retirement Systems Financial Statements pg. 67**

**Number of Participants- Retirement Systems Financial Statements pg. 22**

**A:** Data in Chart #6 was as of the financial statements dated June 30, 2017. PEBA confirms the data in Spreadsheet Chart #6 and made no changes to the chart.

<b>Q2d: Chart #6- GARS Plan Size</b>			
<b>Year</b>	<b>Total Assets</b>	<b>Annual Contributions</b>	<b>Number of Participants</b>
2017	\$ 33,220,000	\$ 42,000	492

**Q2e: Chart #7 JSRS Plan Size**

**Information Source- Retirement Systems Financial Statements:**

**Total Assets- Retirement Systems Financial Statements pg. 18**

**Annual Contributions- Retirement Systems Financial Statements pg. 68**

**Number of Participants- Retirement Systems Financial Statements pg. 22**

**A:** Data in Chart #7 was as of the financial statements dated June 30, 2017. PEBA confirms the data in Spreadsheet Chart #7 and made no changes to the chart.

<b>Q2e: Chart #7- JSRS Plan Size</b>			
<b>Year</b>	<b>Total Assets</b>	<b>Annual Contributions</b>	<b>Number of Participants</b>
2017	\$ 159,299,000	\$ 662,000	369



**Q2f: Chart #8 SCNG Plan Size**

Information Source- Retirement Systems Financial Statements:

Total Assets- Retirement Systems Financial Statements pg. 18

Annual Contributions- Retirement Systems Financial Statements pg. 18

Number of Participants- Retirement Systems Financial Statements pg. 22

**A:** Data in Chart #8 was as of the financial statements dated June 30, 2017. PEBA confirms the data in Spreadsheet Chart #8 and made no changes to the chart.

<b>Q2f- Chart #8- SCNG Plan Size</b>			
<b>Year</b>	<b>Total Assets</b>	<b>Annual Contributions</b>	<b>Number of Participants</b>
2017	\$ 27,182,000	\$ 2,000	18,931

**Q2g: Chart #9 Deferred Compensation Program Plan Size**

Information Source- Combined Financial Statements Deferred Compensation:

Total Assets- Combined Financial Statements Deferred Compensation, pg. 6

Annual Contributions- Combined Financial Statements Deferred Compensation, pg 6

**A:** Data in Chart #9 is based on the year ending December 31, 2016. PEBA confirms the data in Spreadsheet Chart #9 and made no changes to the chart.

<b>Q2g: Chart #9- Deferred Compensation Program Size</b>			
<b>Year</b>	<b>Total Assets</b>	<b>Annual Contributions</b>	<b>Number of Participants</b>
2016	\$ 3,905,645,727	\$ 212,194,970	99,250

**Q2h: Chart #10 Total Health Insurance**

**A:** Data in Chart #10 was as of the financial statements dated June 30, 2017. PEBA edited Chart #10 to reflect total health insurance assets of \$581.5 million for 2017 rather than \$581.4 million. PEBA also edited Chart #10 to reflect total health insurance assets of \$525.2 million for 2016 rather than \$525.0 million. PEBA Insurance Audited Financial Statements as of the year ending June 30, 2017, at p. 4.

Q2h: Chart #10- Total Health Insurance				
Year	Total Assets	Annual Contributions	Number of Participants	Information Source
2017	\$ 581,500,000	\$2,700,100,000	490,618	<a href="http://peba.sc.gov/assets/enrollment_map_feb_2018.pdf">http://peba.sc.gov/assets/enrollment_map_feb_2018.pdf</a>
2016	\$ 525,200,000	\$2,533,100,000	475,014	PEBA Insurance Benefits Audited Financial Statements Year Ended June 30, 2017, at p. 4

**Question #3: Recent Plan Changes:**

**Q3a: Has any trust or plan name been changed?**       Yes  No  
If yes, indicate when and attach details.

**A:** No.

**Q3b: Has any other trust or plan been added or merged into the trust or plan?**  
 Yes  No  
If yes, indicate when and attach details.

**A:** No.

**Q3c: Have there been any trust or plan terminations in the past 3 years?**  
 Yes  No  
If yes, attach details

**A:** No.

**Q3d: If any plan terminations in the past 3 years, were benefits from terminated plans secured by the purchase of annuities? \_\_\_\_\_ Yes not applicable No**  
**If yes, attach details and indicate annuity carrier.**

**A:** Not applicable.

**Question #4: Compliance:**

**Q4a: Has an actuary certified that the plans are adequately funded? \_\_\_\_\_ Yes \_\_\_\_\_ No**  
**If no, please explain:**

**A:** The actuary for PEBA's retirement systems does not directly certify a response to the above question in those terms. For the results of the most recent actuarial review of the pension plans administered by PEBA, please see the 2017 actuarial valuations for SCRS, PORS, GARS, JSRS, and SCNG available in the Actuarial Reports section of PEBA's website at <http://www.peba.sc.gov/factsfigures.html>.

**Q4b: Are there any outstanding delinquent contributions?**  
 **X  Yes \_\_\_\_\_ No**  
**If yes, attach details.**

**A:** Yes. Less than a dozen of the 850 employers participating in PEBA's retirement systems are delinquent in their contributions. The amount of delinquent contributions is not material to the funding of PEBA's retirement systems. Furthermore, State law provides that PEBA may notify the State Treasurer and the Comptroller General of the delinquency of an employer in the systems and any distributions that might have been made to the employer from funds of the State must be withheld and paid to the retirement systems until the employer is no longer delinquent. S.C. Code Ann. Section 9-1-1170(3).

**Q4c: Have any plans experienced any event reportable to the PGBC?**

Yes  No

If yes, attach details.

**A:** As governmental plans, PEBA's insurance and retirement plans are not subject to ERISA and would not report anything to PGBC.

**Question #5: Past Activities:**

**Q5a: Has any fiduciary been:**

**Accused, found guilty or held liable for a breach of trust?**

Yes  No

If yes, attach details.

**A:** No.

**Q5b: Convicted of criminal conduct?**

Yes  No

If yes, attach details.

**A:** No.

**Q5c: Refused coverage under a fidelity bond?**

Yes  No

If yes, attach details.

**A:** No.

**Q5d: Has the applicant given written notice under the provisions of any prior or current fiduciary liability policy of specific facts or circumstances which might give rise to a claim being made against any applicant?**

Yes  No

If yes, attach details.

**A:** No.

**Q5e: Have any loss payments been made on behalf of any Insured under any fiduciary liability policy or similar insurance?**

Yes  No

If yes, attach details.

**A:** No.

**Question #6: Prior Coverage, Loss Runs, Authorized Individuals:**

**Q6a: Indicate expiring policy Retroactive or Pending/Prior Date.**

**A:** July 1, 1998.

**Q6b: Attach five (5) year loss runs or loss history from current carrier.**

**A:** PEBA has experienced no fiduciary insurance losses under its current or any previous fiduciary liability policies.