



# STATE OF ARKANSAS TECHNICAL SERVICES CONTRACT

**EXHIBIT C**

CONTRACT #	BLR-2013-15	FEDERAL I.D. #	
VENDOR #	100031882	MINORITY VENDOR	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>

**1. PROCUREMENT:**

Check ONE appropriate box below for the method of procurement for this contract:

- ABA Criteria                       Request for Proposal                       Competitive Bid                       Request for Qualifications  
 Intergovernmental                       Emergency  
 Sole Source by Justification (*Justification must be attached*)                       Sole Source by Intent to Award  
 Sole Source by Law - Act # \_\_\_\_\_ or Statute #: \_\_\_\_\_

**2. TERM DATES:**

The term of this agreement shall begin on 09/01/2013 and shall end on 06/30/2015.  
(mm/dd/yyyy) (mm/dd/yyyy)

**3. CONTRACTING PARTIES:**

State of Arkansas is hereinafter referred to as the agency and contractor is herein after referred to as the Vendor.

AGENCY NUMBER & NAME	0012	Bureau of Legislative Research	<input type="checkbox"/> Service Bureau
VENDOR NAME	Osborn, Carreiro & Associates, Inc.		
VENDOR ADDRESS	124 West Capitol, Suite 1690 – Little Rock, AR 72201		
TRACKING # 1		TRACKING # 2	

**4A. PROJECTED TOTAL CONTRACT COST:**

Projected total cost of entire project if all available extensions of this contract are completed (up to the date anticipated and stated in Section 13)	\$ _____
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**4B. CALCULATIONS OF COMPENSATION:**

For work to be accomplished under this agreement, the Vendor agrees to provide the personnel at the rates scheduled for each level of consulting personnel as listed herein. Calculations of compensation and reimbursable expenses shall only be listed in this section. If additional space is required, a continuation sheet may be used as an attachment.

LEVEL OF PERSONNEL	NUMBER	COMPENSATION RATE	TOTAL FOR LEVEL
See Attachment #1			

Total compensation exclusive of expense reimbursement \$ 150,000

REIMBURSABLE EXPENSES ITEM (Specify)	ESTIMATED RATE OF REIMB.	TOTAL

Total reimbursable expenses \$ \_\_\_\_\_

Total compensation inclusive of expense reimbursement \$ 150,000

5. **SOURCE OF FUNDS:**

Complete appropriate box(es) below to total 100% of the funding in this contract. You may use an attachment if needed.

Fund Source	Identify Source of Funds*	Fund	Fund Center	Amount of Funding	% of Total Contract Cost
Federal Funds				\$	
State Funds**				\$150,000	100%
Cash Funds				\$	
Trust Funds				\$	
Other Funds				\$	
<b>TOTALS</b>				\$	<b>100%</b>

\* **MUST BE SPECIFIC** (i.e. fees, tuition, agricultural sales, bond proceeds, donations, etc.)

\*\* "State Funds" is defined as and deemed State General Revenue Dollars. If other state funds are being used such as tobacco funds, general improvement funds, etc., these should be noted. Special revenue funds from taxes or fees generated for the agencies should be shown as "Other" and the actual source of the funds should be clarified in the "Identify Source of Funds."

6. **RENDERING OF COMPENSATION:**

The method(s) of rendering compensation and/or evaluation of satisfactory achievement toward attainment of the agreement listed herein is as follows, or in attachment no. \_\_\_\_\_ to this agreement.

Quarterly, upon billing by the contractor

7. **OBJECTIVES AND SCOPE:**

State description of services, objectives, and scope to be provided. (DO NOT USE "SEE ATTACHED")

To provide consultant and actuarial services as required by the Joint Committee on Public Retirement and Social Security Programs and other committees of the General Assembly and to attend all related committee meetings in and outside Little Rock

8. **PERFORMANCE STANDARDS:**

List Performance standards for the term of the contract. (If necessary, use attachments)

See Attachment #2

9. **ATTACHMENTS:**

List ALL attachments to this contract by attachment number:

- #1 – letter from actuarial firm
- #2 – list of performance standards
- #3 – equal opportunity policy
- #4 – Sole Source Justification

10. **CERTIFICATION OF VENDOR**

A. "I, Steve Osborn President  
 (Vendor) (Title)

certify under penalty of perjury that, to the best of my knowledge and belief, no regular full-time or part-time employee of any State agency of the State of Arkansas will receive any personal, direct or indirect monetary benefits which would be in violation of the law as a result of the execution of this contract." Where the Vendor is a widely-held public corporation, the term 'direct or indirect monetary benefits' "shall not apply to any regular corporate dividends paid to a stockholder of said corporation who is also a State employee and who owns less than ten percent (10%) of the total outstanding stock of the contracting corporation."

B. List any other contracts or subcontracts you have with any other state government entities. (Not applicable to contracts between Arkansas state agencies) (If no contracts or subcontracts, please put "N/A" or "None")

Arkansas Fire and Police Pension Review Board; Association of Arkansas Counties; Arkansas Municipal League; Workers Compensation Commission – Death & Permanent Total Disability Fund

C. Are you currently engaged in any legal controversies with any state agencies or represent any clients engaged in any controversy with any Arkansas state agency? (If no controversies, please put "N/A" or "None")

No

D. The Vendor agrees to list below, or on an attachment hereto, names, addresses, and relationship of those persons who will be supplying services to the state agency at the time of the execution of the contract. If the names are not known at the time of the execution of the contract, the Vendor shall submit the names along with the other information as they become known. Such persons shall, for all purposes, be employees or independent contractors operating under the control of the Vendor (sub-contractors), and nothing herein shall be construed to create an employment relationship between the agencies and the persons listed below.

NAME	RELATIONSHIP
Steve Osborn	President
Jody Carreiro	Vice President

E. The agency shall exercise no managerial responsibilities over the Vendor or his employees. In carrying out this contract, it is expressly agreed that there is no employment relationship between the contracting parties.

11. NON-APPROPRIATION CLAUSE:

"In the event the State of Arkansas fails to appropriate funds or make monies available for any biennial period covered by the term of this contract for the services to be provided by the Vendor, this contract shall be terminated on the last day of the last biennial period for which funds were appropriated or monies made available for such purposes.

This provision shall not be construed to abridge any other right of termination the agency may have."

12. TERMS:

The term of this agreement begins on the date in SECTION 2 and will end on the date in SECTION 2, and/or as agreed to separately in writing by both parties.

This contract may be extended until 06/30/2015 (mm/dd/yyyy), in accordance with the terms stated in the Procurement and by written mutual agreement of both parties.

This contract may be terminated by either party upon 30 day written notice, unless otherwise agreed by both parties.

13. AUTHORITY:

- A. This contract shall be governed by the Laws of the State of Arkansas as interpreted by the Attorney General of the State of Arkansas. Nothing in this contract shall be construed as a waiver of the Bureau of Legislative Research's or the State of Arkansas' sovereign immunity.
- B. Any legislation that may be enacted subsequent to the date of this agreement, which may cause all or any part of the agreement to be in conflict with the laws of the State of Arkansas, will be given proper consideration if and when this contract is renewed or extended; the contract will be altered to comply with the then applicable laws.

14. AGENCY CONTACTS FOR QUESTION(S) REGARDING THIS CONTRACT:

Contact #1 – Agency Representative submitting/tracking this contract

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Jillian Thayer	Chief Counsel
<hr/>	<hr/>
(Name)	(Title)
501-683-0720	thayerj@blr.arknasas.gov
<hr/>	<hr/>
(Telephone #)	(Email)

Contact #2 – Agency Representative with knowledge of this project (for general questions and responses)

<hr/>	
<hr/>	<hr/>
(Name)	(Title)
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(Telephone #)	(Email)

Contact #3 – Agency Representative Director or Critical Contact (for time sensitive questions and responses)

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<hr/>	<hr/>
(Name)	(Title)
<hr/>	<hr/>
(Telephone #)	(Email)

STATE OF ARKANSAS  
TECHNICAL SERVICES CONTRACT

Contract # : BLR-2013-15

16. AGENCY SIGNATURE CERTIFIES NO OBLIGATIONS WILL BE INCURRED BY A STATE AGENCY  
UNLESS SUFFICIENT FUNDS ARE AVAILABLE TO PAY THE OBLIGATIONS WHEN THEY BECOME DUE.

17. SIGNATURES:

<u>VENDOR</u>	<u>DATE</u>	<u>AGENCY DIRECTOR</u>	<u>DATE</u>
Steve Osborn		Marty Garrity	
<u>TITLE</u>		<u>TITLE</u>	
President		Director	
<u>Osborn, Carreiro &amp; Associates, Inc.</u>		<u>Bureau of Legislative Research</u>	
<u>ADDRESS</u>		<u>ADDRESS</u>	
124 West Capitol Avenue, Suite 1690		Room 315, State Capitol	
Little Rock, AR 72201		Little Rock, AR 72201	
<u>APPROVED:</u>			
	<u>DEPARTMENT OF FINANCE AND ADMINISTRATION</u>		<u>DATE</u>



**Osborn, Carreiro & Associates, Inc.**

ACTUARIES • CONSULTANTS • ANALYSTS

One Union National Plaza, Suite 1690  
 124 West Capitol Avenue  
 Little Rock, Arkansas 72201  
 (501)376-8043 fax (501)376-7847

September 17, 2013

Ms. Karen Holliday  
 Legislative Analyst  
 Arkansas Bureau of Legislative Research  
 One Capitol Mall, 5<sup>th</sup> Floor  
 Little Rock, AR 72201

RE: Actuarial Services Contract

Dear Karen:

This letter provides an update of our actuarial fees involved with the continuance of our contract with the Joint Committee on Public Retirement and Social Security Programs for the period beginning September 1, 2013 and ending June 30, 2015. We would propose to increase hourly rates from the last biennium as follows:

Lead Supervising Actuary (FSA)	\$210 per hour
Supervising Actuary (ASA)	\$165 per hour
Support Actuary (ASA)	\$100 per hour
Support Staff	\$80 per hour

**Services for Joint Committee on Public Retirement and Social Security Programs**

The total charges for projects during the biennium will be based on our hourly rates, but not to exceed:

- a) \$1,250 times the number of proposals or projects evaluated during a session, with an overall maximum of \$85,000 for the biennium, plus
- b) Our hourly rates for projects and meetings with the interim committee, but not to exceed \$1,250 per month (during the fiscal year in which there is not a regular session), i.e. a maximum of \$15,000.

The total maximum amount payable under the proposed contract is \$100,000 for the next biennium. This contract proposal represents a \$4,000 increase in the maximum amount for the biennium.

**Services for Other Committees**

We also understand that other interim and standing committees may require actuarial services during this contract period. We would propose that the above listed hourly rates would apply to such work.

We would further propose that the maximum additional amount to be billed for work for committees other than the Joint Committee on Public Retirement would be \$50,000. Mr. Steve Osborn would be our primary contact for this additional work. I would be the secondary contact on this work. Please note for disclosure purposes that I serve as a school board member.

Please let us know if you need any additional information. We are looking forward to continuing to work with the committee.

Sincerely,



Jody Carreiro, ASA, MAAA, FCA  
Actuary



**PERFORMANCE STANDARDS**

- Provide cost analysis, as requested for proposed legislation
- Supervising actuary attends committee meetings to provide routine actuarial consultation on technical, policy, legal, or administrative questions
- Communicate new developments/trends in public retirement programs and provide improvement recommendations
- Assist in preparation of proposed changes to governing retirement laws
- Provide consultation and advisory services in the policy and administrative problems of new legislation implementation
- Develop and provide various tables and factors as needed by legislative committees
- Keep committees advised on developments in federal legislation and regulations regarding financing, benefits, vesting, fiduciary responsibility, disclosure, etc.
- Readily accessible to committee members and staff
- Supervising actuary available for periodic educational discussions with committees and staff members



# Osborn, Carreiro & Associates, Inc.

ACTUARIES • CONSULTANTS • ANALYSTS

One Union National Plaza, Suite 1690  
124 West Capitol Avenue  
Little Rock, Arkansas 72201  
(501)376-8043 fax (501)376-7847

September 17, 2013

Ms. Karen Holliday  
Legislative Analyst  
Arkansas Bureau of Legislative Research  
One Capitol Mall, 5<sup>th</sup> Floor  
Little Rock, AR 72201

RE: Actuarial Services Contract  
Equal Opportunity Policy Disclaimer

Dear Karen:

Act 2157 of 2005 of the Arkansas Legislative Session requires that any business or person bidding, who is responding to a formal bid, Request for Qualifications, or negotiating a contract with the state for professional or consultant services, submit their most current equal opportunity policy (EO Policy).

It is our understanding that although contractors are encouraged to have a viable equal opportunity policy, a written response stating the contractor does not have such an EO Policy will be considered an acceptable response in complying with the requirement of Act 2157.

**Although our company practice has always been to abide by normal equal opportunity principles, our company does not have a written EO Policy available.**

Please let us know if you need any additional information.

Sincerely,

Steve Osborn, F.S.A.  
Actuary and President

\_\_\_\_\_  
Date





**State of Arkansas**  
**Bureau of**  
**Legislative Research**

Marty Garrity, Director  
 Kim Arnall, Assistant Director  
 for Fiscal Services  
 Matthew Miller, Assistant Director  
 for Legal Services  
 Richard Wilson, Assistant Director  
 for Research Services

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**MEMORANDUM**

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**TO:** Senator Linda Chesterfield and Representative James Word  
 Co-Chairs, ALC-Policy Making Subcommittee

**FROM:** Marty Garrity, Director, Bureau of Legislative Research

**DATE:** September 18, 2013

**SUBJECT:** Sole Source Contract: Technical Services Contract – Actuarial Services

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Please find below the justifications for this sole source contract with Osborn, Carreiro & Associates.

**1. What method(s) were used to determine that a lack of responsible competition exists for this service or commodity?**

The committee learned through a previous bid process that this provider is the only local provider of actuarial service with public sector retirement experience. The Committee needs a local provider with retirement plan expertise to meet with the Committee members at a moment's notice regarding retirement issues.

**2. Why is this service or commodity needed?**

The service is required under A.C.A. § 10-3-702. A bill introduced in either house to amend an existing public retirement system law or to establish a new or expanded program must be accompanied by a fiscal note reflecting the estimated cost and the fiscal impact upon the actuarial soundness of the retirement system. The Committee may request actuarial services in evaluating these bills.

**3. How was it determined that this service, provider or commodity has exclusive processes or properties?**

This provider was initially selected in 1998 because it is a local firm with the requisite experience. The Committee has voted repeatedly to renew its contract.

Since the actuaries are readily available to attend Committee meetings, the firm can be responsive to the Committee and provide a quick turnaround on requested information. The

Committee needs a local provider with retirement plan expertise to meet with Committee members at a moment's notice regarding retirement issues.

The provider's extensive credentials and experience allows them to communicate effectively with the Committee. The firm has been providing actuarial services since 1973 and has been the actuary



**State of Arkansas**  
**Bureau of**  
**Legislative Research**

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for the Arkansas Fire and Police Pension Review Board, Arkansas Association of Counties, Arkansas Municipal League, and Workers Compensation Commission -- Death and Permanent Total Disability Fund.

**4. Can requirements be modified so that the services or commodity can be competitively bid? If not, why?**

The presentation of actuarial information during committee meetings is of utmost importance and the cost of providing this service by an out-of-town firm would be neither cost effective nor logistically feasible.

**5. Are there patent, copyright or proprietary rights which make the required service or commodity unavailable from other sources?**

None that the Committee is aware of.

**6. What would the agency do if the service or commodity were no longer available?**

The selection process would start again with a request for proposal.

**7. Detail any program considerations, which make the use of a "Sole Source" critical to the successful completion of the task(s).**

See # 3 above.

If you have any questions or need additional information, please do not hesitate to contact me.