

**Joint Meeting Minutes**  
**Dukes County Pooled OPEB Trust**  
**February 17, 2021**  
**Virtual Meeting via Zoom**

**Members Present:** Jonathan Snyder, Chair, Tisbury; Kathy Logue, West Tisbury; Amy Tierney, Edgartown; Lauren Thomas, MV Transit Authority; Melanie Becker, Chilmark

**Also present:** n/a

**Members not present:** Sibel Suman, Aquinnah; Don Hatch, MV Refuse District; John O’Hara, Dukes County; Curtis Schroeder, MV Commission, Cheryl Sashin, Oak Bluffs; Mark Friedman, MV Schools Business Administrator

Jonathan convened the meeting at 10:02 pm

**Discussion of bids for actuarial services**

Jon Snyder began by explaining that we received two bids in response to our RFP for Actuarial Services. They were from KMS, our current actuary and Odyssey, a national company who lately is bidding low in an effort to look for new clients. There was a \$30,000 difference between the higher KMS bid and the Odyssey bid.

The pricing proposals for a four year contract were as follows:

KMS				
2021	\$34,700	2022	\$20,000	
2023	\$38,300	2024	\$22,000	Contract total \$115,000

Odyssey				
2021	\$30,000	2022	\$9,000	
2023	\$31,000	2023`	\$9,500	Contract total \$79,500

Jon and Amy provided some background as follows: at the bid opening the group expressed strong preference for KMS; and because of the price difference the group felt it would be appropriate to put in writing a detailed rational of why we would select someone other than the low bidder. When Amy volunteered to write it she was gratefully endorsed by the group (see attached document).

The KMS contract that ended in 2020 was for a total of \$79,000, Lauren asked why KMS is up so much. Jon said that because our Pooled Trust has 14 units and that adds significantly to the complexity and complicates the data collection; such as units not getting data in by the deadline and needing ‘hand-holding’.

Kathy pointed out that originally all the data collection was funneled through Noreen Flanders and herself, only they had Linda’s (Linda Bournival, KMS) contact information, and it was a job in itself. She said that now none of us can take that on and that not sending data directly to KMS presented serious data security issues. She stated that the price increase is over the four year contract, it won’t be a \$30,000 increase the first year. She explained how we would smooth our budget over the four year so the units won’t have ups and downs in roll-over years and the full study years.

Lauren asked if the group had tried to negotiate. Jon said that Amy had done a good job at that; but Kathy said the only substantial reduction that Linda offered would be if we took back the extra work of dealing with the data collection directly. Jon said that if we accept the KMS bid we

would be asking them to bill the units directly for the many questions and requests for explanations that come in after Linda's closing presentation to the 14 units. Kathy discussed Buck and Associates, the Trust's prior actuary; their presentation was so technical that it was impenetrable and the units found it difficult to trust the numbers of a study that was so poorly understood. She said that Linda Bournival is a KMS partner and she does a substantial portion of the work whereas Odyssey's proposal is to assign it to a junior staffer.

Jon said that at this point we are managing a twenty million dollar portfolio for the Pooled Trust, and expenses of this size are to be expected as part of the due diligence required. Amy pointed out that GASB75 has changed the magnitude of the work for the OPEB board who are all volunteers. The data collection phase and final report question response required Linda and her team to reply to 1,300 emails. Jon said that for all those reasons he is not uncomfortable with the KMS price and is concerned that Odyssey does not understand the added complexity of a 14 unit pooled trust and if we selected them they would likely have big price increase at the end of the contract.

**Kathy moved, seconded by Amy, to accept the KMS bid; by roll call vote the motion passed unanimously.**

Amy offered to notify the bidders; she and Jon will jointly negotiate with KMS for the final price and terms. Kathy offered to take on the task of contacting units regarding meeting the data collection deadlines. She said we need to clarify what is included in the contract and what Linda can charge extra for, and then we need to let the units know that they will be paying for the time spent replying to questions that come in after the October presentation when the study is completed.

**The meeting was adjourned at 10:25am. Motion made by Kathy and seconded by Melanie.**

Respectfully submitted, Melanie Becker, Secretary/Clerk

Approved: September 24, 2021

Documents:

Agenda

Rational for select of high bidder; prepared by Amy Tierney; Vice Chair and MCPPO

See below

TO: Dukes County Pooled O.P.E.B. Trustees

FROM: Amelia C. Tierney, Vice Chairman and MCPPO

DATE: February 10, 2021

RE: RFP for Actuarial Valuation Services

In January, proposals for actuarial valuation services for fiscal years 2021-2024 for the member units of the Trust were procured in accordance with MGL Chapter 30B Section 6. The non-price proposals from two responsible and responsive bidders were evaluated by the actuarial subcommittee members. Proposals from the two respondents, KMS Actuaries, LLC and Odyssey Advisors, Inc., were scored based on the pre-determined matrix of evaluative criteria. KMS, which is the trust's current provider, scored as the most advantageous firm and is the preference of the evaluating committee.

The price proposals revealed that the most highly advantageous firm was also proposing the highest price for the four-year contract. The procurement process allows the Trustees (the awarding authority) to choose the most advantageous firm over the lowest priced firm with written justifications. The evaluation committee discussed the following justifications in choosing the most advantageous firm.

**Complexity and Scope:** The cost of doing business with the fourteen unique member units has increased dramatically since the inception of GASB 74/75. Each unit has unique data, assets, benefit policies, funding plans and discount rates. KMS has demonstrated thorough knowledge of the difficulties related to our unique pooled asset trust, as well as our fourteen unique member units. A demonstration of the level of administrative work involved with our unique Trust confirms a complete understanding of the increasing scope of work. The proposal from Odyssey did not demonstrate an understanding of the vast complexities associated with our member units, nor the time consideration necessary; and their reference list did not demonstrate like member units.

**Service Level and Seniority of Personnel:** The Trustee's history with KMS ranges back to 2011 and has developed a high level of confidence in the quality of the reports, the customer service received, and the senior level staff assigned to the project. The Trustees experienced a difficult transition from one actuarial firm to another many years ago but now experiences a high level of trust in the data collection and the actuarial results. Odyssey would need to earn the level of confidence extended to KMS, yet the key personnel assigned in their work plan did not compare to the seniority and experience level of the KMS staff.

**Expectation of additional analysis:** Six member units also have breakdowns of their assets by department or function and each year more member units request this type of breakdown. The cost of this additional work is included in the KMS fixed price proposal. This type of cost is not demonstrated in the fixed price proposal from Odyssey and would be considered additional services. The very low priced proposal from Odyssey may demonstrate a lack of understanding of scope and time considerations. The amount of their price proposal appears to indicate an attempt to undercut the current contract price with KMS by exactly \$1,000. Odyssey's price seems to value winning by low bid, as opposed to providing the unique experience afforded the Trust in the past.

**Peer Review:** Each year KMS includes the completed actuarial valuation reports in a peer review process which adds another level of trust to the final reports procured for the Trust. The Odyssey proposal did not demonstrate peer review of their final product.

Please consider these justifications as the evaluation committee wishes to discuss the procurement with the full Board of Trustees next week.