

BOARD AGENDA SUMMARY SHEET

Committee or Board: Board	Date: September 11, 2020	Board Meeting Date: September 23, 2020
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For All Board Voting Items:

Title of Agenda Item: Approval of a Contract for Actuarial Services

Consent Agenda: Yes No

Accompanying Presentation: Yes No

Recommendation from Committee: N/A F&A; GP&P; Oversight & Clean Energy

LIPA Presenter: N/A

PSEG Long Island Presenter: N/A

For Contract Approvals Only:

RFP: Yes No

Term: 5 years

Requested Action:	The Board is being requested to authorize the Chief Executive Officer or his designee to engage Cheiron, Inc. to provide actuarial services for LIPA.
Summary: (include proposed amendments to Board Policies, if applicable)	<p>LIPA has an on-going need for actuarial services related to a variety of aspects of its business including calculations of ongoing pension and Other Post Employment Benefit (“OPEB”) liabilities specific to LIPA employees and to advise LIPA management on matters relevant to the pension and OPEB costs that are flowed through to LIPA by PSEG Long Island through the Amended and Restated Operations Services Agreement (“A&R OSA”), and by National Grid through the Power Supply Agreement (“PSA”).</p> <p>Based upon the written submissions and an assessment of LIPA’s needs, Cheiron was judged to be best suited to provide LIPA with actuarial services for the term of this engagement. Cheiron has extensive experience advising some of the largest public companies, including utilities, as well as multiemployer and corporate pension and OPEB plans. In addition, Cheiron’s proposal noted specific experience serving as an independent actuary reviewing other actuarial results. LIPA needs this expertise to assist in evaluating and overseeing the actuarial results presented by PSEG Long Island and National Grid’s actuaries. Cheiron’s costs were also determined to be reasonable.</p>

FOR CONSIDERATION

September 23, 2020

TO: The Board of Trustees

FROM: Thomas Falcone

SUBJECT: Approval of a Contract for Actuarial Services

Requested Action

The Board of Trustees (the “Board”) of the Long Island Power Authority is requested to approve a resolution, attached hereto as **Exhibit “A”**, authorizing the Chief Executive Officer, or his designee, to engage Cheiron, Inc. (“Cheiron”) to provide actuarial services for the Long Island Power Authority and its subsidiary, the Long Island Lighting Company d/b/a LIPA (collectively “LIPA”) for a term not to exceed five years.

Background

LIPA has an on-going need for actuarial services related to a variety of aspects of its business including calculations of ongoing pension and Other Post Employment Benefit (“OPEB”) liabilities specific to LIPA employees and to advise LIPA management on matters relevant to the pension and OPEB costs that are flowed through to LIPA by PSEG Long Island through the Amended and Restated Operations Services Agreement (“A&R OSA”), and by National Grid through the Power Supply Agreement (“PSA”).

Discussion

On July 16, 2020, LIPA issued a Request for Proposals (“RFP”) seeking qualified firms to provide actuarial services to LIPA. The RFP was distributed to 24 firms including Minority and Women Owned Business Enterprise (“MWBE”) firms, advertised in the NYS Contract Reporter, and posted on LIPA’s website.

On or before August 17, 2020, three firms responded to the RFP. LIPA staff formed a selection committee to review the responses. The selection committee performed a technical evaluation by scoring each proposal, while LIPA’s procurement staff evaluated cost and the MWBE and Service-Disabled Veteran-Owned Business criteria.

The proposals were evaluated by the evaluating team composed of LIPA’s finance and procurement staff according to the guidelines set forth in the RFP, which included assessments of the firms’ experience and qualifications, their hourly rates, proposed changes to LIPA’s standard consulting contract, and their proposals to comply with state requirements for participation by MWBEs. As a result of that evaluation, no interviews were conducted.

Based upon the written submissions and an assessment of LIPA’s needs, Cheiron was judged to be best suited to provide LIPA with actuarial services for the term of this engagement. Cheiron has extensive experience advising some of the largest public companies, including utilities, as well as multiemployer and corporate pension and OPEB plans. In addition, Cheiron’s proposal noted specific experience serving as an independent actuary reviewing other actuarial results. LIPA

needs this expertise to assist in evaluating and overseeing the actuarial results presented by PSEG Long Island and National Grid's actuaries. Cheiron's costs were also determined to be reasonable.

Recommendation

Based upon the foregoing, I recommend approval of the above-requested action by adoption of a resolution in the form of the attached resolution.

Attachment

Exhibit "A" Resolution

Exhibit "A"

**RESOLUTION AUTHORIZING THE ENGAGEMENT OF CHEIRON, INC. TO
PROVIDE ACTUARIAL SERVICES**

NOW, THEREFORE, BE IT RESOLVED, that consistent with the attached memorandum, the Chief Executive Officer or his designee be, and hereby is, authorized to engage Cheiron, Inc. to provide actuarial services for the Long Island Power Authority and its subsidiary the Long Island Lighting Company d/b/a LIPA (collectively "LIPA") for a term not to exceed five (5) years.