



Memorandum

**TO: Board of Administration for the
Federated City Employees' Retirement
System.**

FROM: Barbara Hayman

SUBJECT: Discussion and action on renewal of contract agreement with Levi, Ray & Shoup (LRS), with amendment for continued use of pension administration system (PensionGold) and to add hosting services for term of June 30, 2030 and with an increase in the NTE amount by \$2,004,000 (this cost split 50/50 between the plans)

Date: May 16, 2024

APPROVED: 

DATE: 5/9/2024

RECOMMENDATION

Discussion and action on renewal of contract agreement with Levi, Ray & Shoup (LRS), with amendment for continued use of pension administration system (PensionGold) and to add hosting services for term of June 30, 2030 and increase the NTE amount by \$2,004,000 (this cost split 50/50 between the plans).

BACKGROUND

In June 2012, ORS issued an RFP for an integrated pension administration solution. In August 2014, the Board approved the Secretary to negotiate and execute an Agreement with Levi, Ray & Shoup (LRS) to provide, implement, host, and support a new Pension Administration System (PAS) and Document Imaging replacement Solution for an amount not to exceed \$9,000,000 (this cost split 50/50 between the plans). This system, PensionGold by LRS, a software solution specifically designed for defined benefit pension plans, is the core technology used by ORS for Benefit administration.

The agreement with LRS included a 5-year post production support and maintenance cost, with ongoing monthly hosting fees to be budgeted each fiscal year after the period covered by the contract has ended. A separate agreement for hosting services was approved with INETU, now known as Flexential (a company dedicated to providing Cloud Hosting and Managed Hosting services), who was the hosting vendor included in the LRS RFP response.

Flexential data centers operate in accordance with standards that meets or exceeds Data Center Tier II ranking as defined by the Uptime Institute classification system, in addition to requirements that meet compliance for PCI DSS Level 1 as well as SSAE16 Type II, an auditing standard produced by the American Institute of Certified Public Accountants (AICPA) and SOC2/3 certifications. This AICPA-developed audit assesses how well the organization handles

data security, system privacy, data confidentiality and data processing processes. All Flexential data center facilities are audited and certified regularly to assure compliance.

ANALYSIS

The PAS implementation project took 4 years to complete with the PensionGold system going live in January 2019. The post implementation 5-year period included in the agreement is set to expire June 30, 2024. The current contract with LRS has a provision to extend the term of the agreement annually by 12 months with a 5% increase at the request of ORS.

Typically, the useful life cycle of PAS spans between 10-15 years, thus the new proposed term contract date of 6 years to June 30, 2030. The proposed 6-year term extension would limit the annual increase to 4% in years 5 and 6, rather than the annual 5% increase included in the current contract. Prior to the proposed term date staff will conduct a market analysis and issue a Request for Proposal (RFP) to determine if the current system has reached the end of its useful life, or if newer technologies and systems have emerged that would better serve the plans and make a determination if a viable alternative is available or if a single source/unique services procurement is appropriate.

ORS has contractual agreements with both, LRS and Flexential, for hosting services of the PAS system. A recent assessment of the ORS PAS system initiated by City IT recommended that ORS update their LRS contract to reflect the current support structure to clearly define roles and responsibilities among the two companies. Having one agreement with LRS that includes hosting services at a Flexential secure hosting center addresses the recommendation and will provide initial cost savings of approximately \$1,060 in monthly fees. This amendment will also update the LRS agreement to incorporate the City's data security contract language that is part of the IT policies recently adopted by the Boards.

Staff recommends approving the renewal of the contract agreement with Levi, Ray & Shoup (LRS), with amendment for continued use of pension administration system (PensionGold) and to add hosting services for term of June 30, 2030 and increase the NTE amount by \$2,004,000 (this cost split 50/50 between the plans).



Barbara Hayman
Deputy Director