

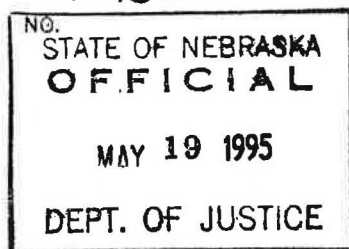


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DATE: May 18, 1995

SUBJECT: LB 502; Length of Actuarial Contract Term Under  
Amendments to *Neb. Rev. Stat.* § 84-1503 (1994)

REQUESTED BY: James S. Cashin, Director  
Nebraska Public Employees Retirement Systems

WRITTEN BY: Don Stenberg, Attorney General  
Dale A. Comer, Assistant Attorney General

LB 502 was passed by the Nebraska Legislature earlier this year during the 1995 session and was signed by the Governor on March 21, 1995. Since the bill contained the Emergency Clause, it took effect immediately upon the Governor's signature.

LB 502 requires a bidding process for the services provided by a member of the American Academy of Actuaries regarding the assets and liabilities of various retirement funds administered by Public Employees Retirement Systems. At the present time, you apparently contract annually with actuaries to provide consulting and valuation services in connection with several different retirement programs administered by your agency. Among other things, LB 502 amends subsection (2) of *Neb. Rev. Stat.* § 84-1503 (1994) to read, in pertinent part, as follows:

(2) In administering the retirement systems listed in subdivision (1)(a) of this section, it shall be the duty of the [Public Employees Retirement] board: . . .

(g) To obtain, by a competitive, formal, and sealed bidding process through the material division of the Department of Administrative Services, actuarial services

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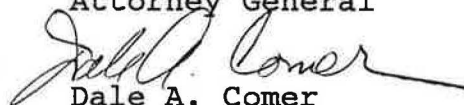
on behalf of the State of Nebraska as may be necessary in the administration and development of the retirement systems. . . . *The [actuarial] contract may also contain an option for renewal without a competitive, formal, and sealed bidding process for up to three years.* An Actuary under contract for the State of Nebraska shall be a member of the American Academy of Actuaries;

(Emphasis added). You now have a question as to what time period actuarial contracts may cover under § 84-1503(2)(g). Specifically, you ask, "[w]hat is the total time (including all renewal periods) that the contract may cover without doing a competitive, formal and sealed bidding process?"

In Nebraska, in the absence of anything indicating to the contrary, statutory language will be given its plain and ordinary meaning, and no interpretation is necessary when the words of a statute are plain, direct, and unambiguous. *Rosse v. Rosse*, 244 Neb. 967, 510 N.W.2d 73 (1994). With that premise in mind, it appears to us that the language in the amended subsection (2)(g) of § 84-1503 emphasized above is plain, direct, and unambiguous. It states that actuarial contracts bid by Retirement Systems through the DAS, Material Division may be extended, at the option of Retirement Systems, for a period of up to three years after the end of the initial contract term without additional competitive bidding procedures. Consequently, by way of example, if your agency engages in a competitive bidding procedure for a one-year actuarial contract for fiscal year 1995-96, that contract could contain an option for renewal without a formal bidding process for fiscal years 1996-97, 1997-98, and 1998-99. Alternatively, a two-year contract for annual actuarial reports could be renewed for a maximum period of three years after the end of the initial contract term without competitive bidding. Therefore, under § 84-1503(2)(g), the total time that an actuarial contract may cover is the initial contract term, plus three years.

Sincerely yours,

DON STENBERG  
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Approved:

  
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