

Request for Proposal for  
Actuarial Services  
City of Erie Aggregate Pension Fund

Proposal Due Date: July 7, 2017 at 3:00 pm

## **TABLE OF CONTENTS**

1. INTRODUCTION
2. BACKGROUND
3. SUBMISSION CONTENTS
4. SCOPE OF SERVICES
5. EVALUATION CRITERIA
6. RULE FOR AWARD
7. AGREEMENT
8. FEE PROPOSAL
9. APPENDIX A – FEE PROPOSAL FORM

# OVERVIEW OF REQUEST FOR PROPOSAL

## Introduction

The Aggregate Board of the City of Erie representing the Officers & Employees Retirement Fund, the Police Relief & Pension Fund and the Firefighters' Pension is issuing this Request for Proposals seeking proposals from qualified actuarial firms in Pennsylvania to provide a range of actuarial services and actuarial advice to the Aggregate Board who represent the pension funds for the City of Erie.

A complete description of the required scope of services for each task is included in this Request for Proposals ("RFP") and on the City of Erie website, [www.erie.pa.us](http://www.erie.pa.us) under the Controller department tab. Send complete packages to

City of Erie  
Controller's Office  
626 State Street – Room 302  
Erie, PA 16501

Please submit two (2) hard copies and one (1) PDF copy to [tpomorski@erie.pa.us](mailto:tpomorski@erie.pa.us) by the date requested. This e-mail can also be used for any inquiries or questions relating to the RFP. Any late bids will not be accepted.

The Board reserves the right to cancel this RFP, or to reject any and all proposals, or any portion of any proposal, received in response to this RFP, upon its determination that such cancellation or rejection serves the best interests of the System.

## Background

The City of Erie Aggregated Pension Fund was created on November 25, 1987 by City Council Ordinance #76, establishing an aggregated pension trust fund consisting of three (3) pension funds of the City creating a board of trustees for the management and administration of said pension trust fund and setting forth certain procedures regarding actuarial valuation and auditing of same. To date the value of the Fund is approximately \$242.2 million. The City of Erie Pension Plans are defined pension plans that provide service retirement, disability, death and survivor benefits to its members, administered in accordance with the City of Erie Ordinances and under the provisions of the Internal Revenue Code of 1986.

The Aggregate Board consists of 14 members: The Mayor (Chairman), the City Controller, the Director of Business Administration, one representative of the Erie City Retirees Association, one representative of the City of Erie Retired Firefighters' Association, one representative elected by the members of each of the three pension plans (total of 3), one representative elected by the members of the four Collective Bargaining Units (total of 4) , one representative selected by City Council from among the City Council members and one retired FOP member in good standing.

Pension funding is provided by employer contributions, member contributions by each active member to the Officers & Employees Retirement Fund (6.5%), Police Relief & Pension Fund (6%) and Firefighter's Pension Fund (6%).

Appointed by the board is Keybank, custodian for all the plan assets, Dahab Associates, investment consultant, and Willig, Williams & Davidson Law Offices, attorney.

### **Submission Contents**

- List the name of your firm, address and telephone number of home office, and addresses of the office(s) providing services under the contract
- Provide general description of the firm including size, number of employees, primary business, other businesses or services, and type of organization (franchise, partnership, corporation, etc.)
- Identify the staff actuaries who will render services under the contract, including a summary of their professional qualifications and experiences, and any specific experience performing actuarial valuations for and/or providing actuarial services to public pensions.
- Identify the actuary(ies) who would have direct contact with the Board.
- Identify non-actuarial professional personnel who would perform work under the contract, including a summary of their professional qualifications and experiences.
- State the availability and location of staff and other required resources for performing all services responsive to this RFP and whether to perform the services described in the RFP current staff is capable of performing said duties.
- List any formal complaints, claims, legal actions or other proceedings filed with the regulatory agencies, administrative agencies, arbitrators or courts against individual or entity as a result of actuarial services provided by the firm/and or its actuaries within the last five (5) years.
- Provide a detailed description of the proposed method whereby the proposer and the Board will determine each of the actuarial assumptions to be employed in performing the valuation
- Provide a detailed description of the methods and procedures to be used in editing and "cleaning" the member data that will be provided by the Board. Be

sure to describe in detail your proposed method of accounting for missing data elements such as age or service.

- Describe the format in which the results of the valuation will be presented. Please submit an example of a valuation report.
- Propose a time schedule for the completion of the valuation and the associated forecast schedules. Indicate the time schedule will be binding. Completion dates shall be proposed in terms of a specified period of time after receipt of all member data that the Board maintains in machine-readable form and receipt of relevant asset data from the Board. Proposers are advised that time is of the essence for this project.
- Provide three (3) references with their contact information.

### **Scope of Services**

The Governmental Accounting Standards Board requires a valuation be performed at least every two years for financial reporting purposes. The scope of services shall include but are not limited to, preparing an actuarial valuation of the system on a two (2) year schedule which will include:

- Establishment of reasonable actuarial assumptions
- Assistance with the preparation of the Act 205 filing, Actuarial Valuation Report to determine the funding requirements for the upcoming two years and Minimum Municipal Obligation in odd and even years.
- Analysis of membership data
- Determination of the funded position of the system with costs and liabilities separated by department or entity
- Assessment of the need for refinements to the funding program
- Preparation of reporting and disclosure information as required by the Governmental Accounting Standards Board (GASB), for audited financial statements, governmental agencies and other interested parties.
- Preparation of a written actuarial report with a recommended funding schedule
- Discussion of the funding schedule with Aggregate Board members
- Provide telephone consultations on plan matters
- All other duties as required or requested by the Board

### **Evaluation Criteria**

Each proposal will be rated in the following manner and on the following criteria.

- Experience of the Proposer in providing actuarial services to other public pension funds
- Experience of the actuaries and support staff and the availability of the staff that will be assigned to this contract
- Quality of proposal
- Methodology and time schedule for completing the valuation

### **Rule for Award**

The Investment Committee of the Aggregate Board will evaluate all submissions. All information will be reviewed by the Committee and the selection of the most advantageous proposal based on information provided and cost proposals to present will be presented to the Aggregate Board. The most advantageous proposal may not be the lowest cost proposal.

### **Agreement**

The term of the contract shall not exceed five (5) years, including any option for renewal which will be solely at the discretion of the Board, with the Board reserving its right to terminate the contract for any reason on thirty (30) days written notice.

### **Fee Proposal**

A fee proposal form is contained in this RFP as Appendix A. Proposers must complete the Fee Proposal Form fully in order to be considered by the Selection Committee. The Fee Proposal should account for all of the services required in this RFP.

**APPENDIX A  
FEE PROPOSAL FORM**

Proposers must complete all portions of this form.

Annual Actuarial Consulting Fees:	Year 1:	\$ _____
	Year 2:	\$ _____
	Year 3:	\$ _____
	Year 4:	\$ _____
	Year 5:	\$ _____

Hourly fee for additional work: \_\_\_\_\_ (per hour)

All payments will be made on a quarterly fee basis and only upon receipt by the Board of a properly submitted and approved payment request and only after a vote of the Board approving said payment.

The term is for a three (3) year contract with an option to renew for additional two (2) years. The Board may negotiate the fees for the option years (Year 4 & Year 5) upon request of the selected firm and if the Board determines that such negotiation is in the best interests of the retirement system. In no event; however, will the negotiated fee for the option years be greater than 10% more than the amount contained in this Fee Proposal.