

REQUEST FOR PROPOSALS

ACTUARIAL SERVICES

BACKGROUND

The Franklin Regional Retirement System (“System”) is governed by the Franklin Regional Retirement Board (“Board”) and is the pension system serving 39 units in Franklin County, Massachusetts. The Board manages approximately \$150 million in assets and employs a staff of five people in its office located in Greenfield, Massachusetts.

The most recent valuation completed by the Board is as of January 1, 2018. The Funded Status – Actuarial Value of Assets is as follows (the complete valuation can be found on the Board’s website: FRRSMA.com):

Actuarial Accrued Liability	\$189,640,566
Actuarial Value of Assets	\$138,839,753
Unfunded Accrued Liability	\$50,800,813
Funded Status	73.2%

The System’s funding schedule calls for full funding of its system by 2034.

As of December 31, 2018, the System had 1023 active participants, 604 inactive participants and 633 retired participants and beneficiaries within the retirement system.

The Board and System are governed by Chapter 32 of Massachusetts General Laws and is a member of the Massachusetts Contributory Retirement System. The Board is subject to the oversight of the Public Employee Retirement Administration Commission (“PERAC”).

INSTRUCTIONS TO PROPOSERS

Designated Contact: Prior to receiving a copy of this Request for Proposals (hereinafter “RFP”), a Proposer must provide to the Board’s designated contact the following information:

Name
Address
Phone Number
Fax Number
Email Address

The person listed above will be the designated contact for the Proposer. All correspondence from the Board will be to the designated contact of the Proposer. The Board will endeavor to submit all responses via email. However, the Board reserves the right to submit correspondence relative to this RFP in any manner it deems appropriate. No person shall receive a copy of this RFP without first registering by providing a designated contact with the information required in this RFP. No proposal will be considered from any person who has not registered in the manner required by this RFP.

Receiving Copies of the RFP: In order to receive a copy of this RFP you must email:

ActuaryRFP2019.frrsma@gmail.com

The RFP may be picked up at the Board's office or emailed at no charge. The Board's regular business hours are **8:30-4:30 Monday-Friday**.

Correspondence and Questions: All correspondence and questions relating to this RFP will be submitted to **Dale Kowacki, Executive Director** at the following email address:

ActuaryRFP2019.frrsma@gmail.com

Any changes in the requirements of this RFP will be issued via addendum. All addenda will be sent via email to the addresses provided by the Proposers. The Board reserves the right to send addenda by a method other than email.

Proposers should acknowledge in their submission that they have received any addenda issued pursuant to this RFP. All addenda will be numbered in the following format: Addendum 1, Addendum 2, etc.

Proposers may call the Board's designated contact and ask questions orally. The Board will respond to oral questions but Proposers should be cautioned that only written responses will be considered binding on the Board and only written responses by the Board will be incorporated into this RFP by reference. The Board is not liable for any oral communication relative to this RFP.

Proposers should be aware that any response by the Board to any written question or comment submitted by any Proposer will be answered by responding to all registered Proposers. All questions or comments on this RFP must be submitted to the Board's designated contact via email on or before **08/02/2019** at 4:00 P.M. No questions or comments will be accepted after this date and time.

Proposal Format and Requirements: Responses to this RFP must be submitted on or before **08/15/2019 at 4:00 p.m.** Any proposal not meeting this deadline will not be accepted or considered.

Proposers shall submit the proposal attached to an email to the following address:

ActuaryRFP2019.frrsma@gmail.com.

No amendments will be accepted after the closing date and time. Proposers mailing materials should allow adequate time to assure timely arrival.

All proposals must be complete in all respects. The Board reserves the right to request additional information or clarifications to any proposal. The Board may, in its sole discretion, determine that a proposal has failed to meet all of the criteria required by this RFP and may disqualify that proposal, provided, however, that the Board shall notify the respondent in writing prior to the issuance of any award under this RFP.

The Board further reserves the right to waive any minor informality as defined in Massachusetts General Law Chapter 32, § 23B in any proposals received. The determination as to whether or not to make an award as a result of this RFP shall be at the sole and absolute discretion of the Board.

Proposers will be required to submit their proposals in two emails. One must contain the Fee Proposal contained as Appendix A in this RFP. The Fee Proposal will be opened separately after the Board has reviewed the qualifications of all firms. The second email will contain the firm's qualifications and forms as required in this RFP.

The two emails should be clearly marked, with the email containing your qualifications and the response to the requirements of this RFP stating:

RESPONSE TO ACTUARIAL CONSULTING SERVICES RFP

FIRM NAME:

And the email containing your price proposal stating:

RESPONSE TO ACTUARIAL CONSULTING SERVICES RFP – PRICE PROPOSAL

FIRM NAME:

The submission must be signed by authorized individual(s).

Proposals shall be opened in the presence of one (1) or more witnesses at the Board's office on **08/15/2019 after 4:00 p.m.**

Proposers must submit all required information, forms and attachments as specified in this RFP.

An individual or firm may correct, modify, or withdraw a bid by written notice received by the Board prior to the Submission Deadline. Modifications must be submitted via email clearly labeled "Modification No. ___." Each modification must be numbered in sequence, and must reference the original submission.

After the Submission Deadline, provisions of the bids may not be changed in a manner prejudicial to the interests of the System or fair competition. The submission cost proposal must remain firm for 90 days after the Submission Deadline.

The Board expects to award a contract by **11/26/2019** The Board reserves the right to cancel this RFP, or to reject in whole or in part any and all submissions, if the Board determines that cancellation or rejection is in the best interests of the System. Proposers acknowledge that the Board shall not be liable for any fees incurred in the preparation of their proposal.

The anticipated time-line for this procurement is listed below, although the Board reserves the right to change any aspect of this schedule at any time.

Proposed Time-Line: The current schedule for this procurement is as follows:

RFP Issue Date	07/17/2019
Correspondence & Questions due no later than:	08/02/2019
Submissions of RFP due no later than:	08/15/2019 4:00 p.m.
Proposals Opened:	08/16/2019
Proposals presented to the Board	09/25/2019
Interviews, if necessary:	10/30/2019
Contract to be awarded no later than:	11/26/2019
Contract signed no later than:	12/13/2019

The term of the contract shall not exceed seven (7) years, with the Board reserving its right to terminate the contract for any reason with thirty (30) days written notice.

Submission Contents: The submission will contain the following items:

1. Name of your firm, address and telephone number of the home office, and address of the office(s) providing services under the contract.
2. Provide a general description of the firm including size, number of employees, primary business, other businesses or services, and type of organization (franchise, partnership, corporation, etc.).
3. Identify the staff actuary (ies) 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 pension systems created by M.G.L. c. 32.
4. Identify the actuary (ies) who would have direct contact with the Board.
5. Identify non-actuarial professional personnel who would perform work under the contract, including a summary of their professional qualifications and experiences.
6. State the availability and location of staff and other required resources for performing all services responsive to this RFP. Include information about the number of projects with similar schedules and deadlines described in the scope of services and whether current staff is capable of performing the services described in the RFP to meet the required deadlines.
7. Identify the M.G.L. c. 32 public pension plans for which the actuary (ies) identified in items #3 and #4 above have provided actuarial services within the last three (3) years. Provide the name, title, address and telephone number of the person responsible for the administration of each plan.
8. List any formal complaints, claims, legal actions or other proceedings filed with the regulatory agencies, administrative agencies, arbitrators or courts against the individual or entity as a result of actuarial services provided by the firm and/or its actuaries within the last five (5) years.
9. 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.
10. 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.
11. Describe the format in which the results of the valuation will be presented. Please submit an example of a valuation report and a supplemental report of alternatives.
12. A valuation schedule is described in the Scope of Services. Indicate that this time schedule will be met and is binding. FRRS will provide all member data that the Board maintains in machine-readable form and relevant asset data as needed for the valuation. Proposers are advised that time is of the essence for this project.

13. No agreement may be awarded unless all forms required by this RFP shall be completed. Further, no agreement may be awarded unless all of the requirements are met as set forth in Chapter 32, Section 23B. In addition to the forms required in this RFP, a Proposer must submit the PERAC Vendor Certification Form as provided on PERAC's website at www.mass.gov/perac. This is an interactive form that all Proposers must complete and submit with their proposal. **No award will be made without the following certification signed as part of the response:**

The undersigned certifies under penalties of perjury that this proposal has been made and submitted in good faith and without collusion or fraud with any other person. As used in this certification, the word "person" shall mean any natural person, business, partnership, corporation, union, committee, club, or any other organization, entity, or group of individuals.

SCOPE OF SERVICES

The Governmental Accounting Standards Board requires a valuation be performed at least every two years for financial reporting purposes and PERAC recognizes a private valuation as meeting the requirements in M.G.L., c. 32 § 21(3), provided that the PERAC staff has the opportunity to work with the private consultant.

The scope of services shall include *but are not limited to*, preparing actuarial valuations of the system and annual GASB 67 reports, and which will include:

- Establishment of reasonable actuarial assumptions,
- Assistance with the preparation of membership data for the evaluation,
- Analysis of membership data,
- Determination of the funded position of the system with costs and liabilities separated by department or governmental unit,
- Assessment of the need for refinements to the funding program,
- Preparation as needed 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 in accordance with Sections 22D and 103 of MGL Chapter 32,
- Discussion of the funding schedule with PERAC,
- Preparation of a written Supplemental Report incorporating an alternative salary increase assumption, investment return assumption, and special funding schedules, and
- Valuation schedule:
 - Start in January
 - Meet with Board in April, May, or June
 - Final Report 6/30
 - GASB 67 Schedule – report by 6/30

The term of agreement shall not exceed seven (7) years, (approximately 12/1/2019 – 11/30/2026) and will include the full scope of services for Actuarial Valuation Studies for January 1, 2020, January 1, 2022, January 1, 2024, and January 1, 2026. The agreement will also include attendance at Board meetings as necessary. The Board reserves its right to terminate the contract for any reason with thirty (30) days written notice.

AGREEMENT

Proposers must submit a copy of your proposed contract (the Board reserves the right to amend, alter or replace your proposed contract at its discretion).

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 Board. The Fee Proposal should account for all of the services required in this RFP and any additional rates for services requested by the Board.

RULE FOR AWARD

The fee and non-fee proposals submitted in response to this RFP will be considered separately, opened separately and evaluated separately. The Board will evaluate the non-fee proposal prior to opening the fee proposal. Proposals will not be opened publicly but rather will be considered by the Board privately. All information will be released publicly upon completion of the selection process.

The Board will review the non-fee proposals and provide ratings based on the criteria contained in this RFP. Upon the completion of this review by the Board, the Executive Director will open the fee proposals.

The Board will select the most advantageous proposal based on the ratings and written evaluations and the cost proposals. The most advantageous proposal may not be the lowest cost proposal and it may not have the highest composite ranking. The selected proposal will be based on the Board's evaluation of the costs and benefits associated with each proposal. The proposal selected will be that which provides the best combination of quality and price for the System. The Board reserves the right to interview any Proposer for any purpose during this evaluation process. Further, the Board reserves the right to seek clarification on any aspect of any proposal as part of their review. No agreement for services under this RFP shall be executed until such agreement is authorized by the Board.

EVALUATION CRITERIA

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

1. Experience of the Proposer in providing actuarial services to other public pension funds, with preference given to those firms with experience providing actuarial services to Massachusetts public pension funds subject to Massachusetts General Law, Chapter 32.

Highly Advantageous: The Proposer has ten (10) or more years of experience in providing actuarial services to Massachusetts public pension funds.

Advantageous: The Proposer has ten (10) or more years of experience in providing actuarial services public pension funds outside the Commonwealth of Massachusetts and/or 3-9 years of experience in providing actuarial services to a Massachusetts public pension fund.

Not Advantageous: The Proposer has three (3) or less years of experience in providing actuarial services to public pension funds.

Unacceptable: The Proposer does not have experience in providing actuarial services to public pension funds.

2. The size of the firm and the availability of the staff that will be assigned to this contract.

Highly Advantageous: The firm is of such size and presents staff that is experienced and capable of providing high quality actuarial services as described in this RFP. The firm's location or availability is ideal for performing the services required by this RFP. (Within 100 miles of the FRRS offices and available during normal business hours by phone and/or email.)

Advantageous: The firm is of such size and presents staff that has sufficient experience to provide the actuarial services as described in this RFP. The firm's location or availability is acceptable for performing the services required by this RFP. (Within 1000 miles of the FRRS offices and available during normal business hours by phone and/or email.)

Not Advantageous: The firm is of limited size and has not sufficiently described the staff or their experience relative to providing the actuarial services as described in this RFP. The firm's location or availability appears to be a hindrance in performing the services required by this RFP. (Not available for onsite meetings and consultations by phone/email limited.)

Unacceptable: The firm is not of sufficient size and has not described a sufficient level of experience to perform the services contained in this RFP.

3. Quality of the Proposal.

Highly Advantageous: The Proposer has submitted a proposal that is complete in all respects, follows the organization of the RFP and responds to all requirements. The Proposal is clear, concise and easy to understand.

Advantageous: The Proposer has submitted a proposal that is complete in all respects, generally follows the organization of the RFP and responds to all requirements.

Not Advantageous: The Proposer has submitted a proposal that is nearly complete in all respects, although it does not follow the organization of the RFP and responds to most of the requirements.

Unacceptable: The Proposer has submitted a proposal that is not complete and does not follow the organization of the RFP.

4. Methodology and Time Schedule for Completing the Valuation(s).

Highly Advantageous: The proposal confirms the ability to meet the schedule for completing the valuations required by this RFP in a timely manner. The methodology described in the proposal is clear and the data requirements are what are normally expected with a professionally performed actuarial valuation.

Advantageous: The proposal confirms the ability to meet the schedule for completing the valuations required by this RFP in a timely manner. The methodology described in the proposal and the data requirements meet the minimum standards for the actuarial valuation required by this RFP.

Not Advantageous: The proposal does not confirm the schedule for completing the valuations required by this RFP in a timely manner. The methodology described in the proposal is unclear and the data requirements do not meet the minimum requirements for the actuarial valuation required by this RFP.

Unacceptable: The proposal does not provide a schedule or a methodology to meet the minimum requirements of this RFP.

5. The Proposer's experience with PERAC.

Highly Advantageous: The Proposer has performed at least ten valuations that have been accepted by PERAC and the proposer has demonstrated an ability to respond to direction from PERAC in the conduct of valuation studies.

Advantageous: The Proposer has performed between 3 and 9 valuations that have been accepted by PERAC and the proposer has demonstrated some ability to respond to direction from PERAC in the conduct of valuation studies.

Not Advantageous: The Proposer has not performed valuations that have been accepted by PERAC and the proposer has not demonstrated the ability to respond to direction from PERAC in the conduct of valuation studies.

Unacceptable: The proposal does not address any prior experience with PERAC in the preparation of valuation studies.

6. The quality of the presentation of alternative assumptions and schedules.

Highly Advantageous: The Proposer has presented five or more alternative assumptions with schedules indicating the effect of changes.

Advantageous: The Proposer has presented less than 5 alternative assumptions with schedules indicating the effect of changes.

Not Advantageous: The Proposer has presented alternative assumptions but has not presented a schedule indicating the effects of the alternatives.

Unacceptable: The proposal does not address alternative assumptions and schedules.

APPENDIX A

FEE PROPOSAL FORM

Proposers must complete all portions of this form.

1. Total Fees

Valuation Preparation:

GASB 67 – 12/31/2019	Due 6/30/2020	\$ _____
Valuation - 01/01/2020	Due 6/30/2020	\$ _____
GASB 67 – 12/31/2020	Due 6/30/2021	\$ _____
GASB 67 – 12/31/2021	Due 6/30/2022	\$ _____
Valuation - 01/01/2022	Due 6/30/2022	\$ _____
GASB 67 – 12/31/2022	Due 6/30/2023	\$ _____
GASB 67 – 12/31/2023	Due 6/30/2024	\$ _____
Valuation - 01/01/2024	Due 6/30/2024	\$ _____
GASB 67 – 12/31/2024	Due 6/30/2025	\$ _____
GASB 67 – 12/31/2025	Due 6/30/2026	\$ _____
Valuation - 01/01/2026	Due 6/30/2026	\$ _____

Total Actuarial & GASB Fees for Years 1-7 will be considered the firm’s total fee for this proposal.

If applicable, please note a rate for service not covered by this proposal, for services that may be requested during the covered contract period.

Rate for additional services: \$ _____

2. All payments will be made 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 at a properly posted meeting held in accordance with the Open Meeting Law of the Commonwealth of Massachusetts.

APPENDIX B

CERTIFICATION
PURSUANT TO G.L c. 32, § 23B(k)(3)

The undersigned certifies under penalties of perjury that this proposal has been made and submitted in good faith and without collusion or fraud with any other person. As used in this certification, the word “person” shall mean a natural person, business, partnership, corporation, union, committee, club, or any other organization, entity, or group of individuals.

Signature

Title (duly authorized)