

**PEABODY CONTRIBUTORY RETIREMENT SYSTEM  
REQUEST FOR PROPOSAL  
ACTUARIAL CONSULTING SERVICES**

**I. Introduction**

The Peabody Retirement Board (PRB) under the rules and regulations of Chapter 32 of the General Laws of Massachusetts (MGL Chapter 32), is seeking proposals from qualified individuals or firms to perform actuarial services on behalf of the Peabody Contributory Retirement System (PCRS) relating to System funding requirements and outstanding pension liability for each of the next seven fiscal years; and for such special actuarial studies as may be needed by the PRB as defined in MGL Chapter 32. The successful respondent will also work with the PRB to develop a funding schedule in conformance with MGL Chapter 32 and Commonwealth of Massachusetts Regulations 840 (840 CMR) – Public Employees Retirement Administration Commission (PERAC). The PRB anticipates it will require a study biennially beginning January 01, 2019, and is seeking proposals for the next seven fiscal years. Whereas the PRB is only required to perform such a study biennially, the PRB may choose to exercise the option to procure the full study every other year, however it is requested that the cost be supplied in the event the PRB wishes to perform a full study for each year indicated.

Responsive proposals shall provide for a fixed annual fee for completion and presentation of the annual plan valuation and funding schedule/appropriation report for each of the next seven fiscal years, and an hourly rate for any additional special studies that may be authorized by the PRB. It is expected that the actuary will provide on-going actuarial advice and counsel to the PRB, as necessary as part of the fixed annual fee and that hourly charges will only be applicable to formal special studies authorized by the PRB to determine the costs associated with plan design changes.

The PRB reserves the right to reject any and all proposals that are not deemed to be in the best interests of the PCRS. The selected vendor must have demonstrated familiarity with, and agree to comply with MGL Chapter 32 and all applicable regulations, policies, and guidelines promulgated by PERAC, and accounting and financial reporting requirements for state and local retirement systems, promulgated by the Government Accounting Standards Board (GASB).

**II. General Information and Bid Submission Requirements**

**TO REQUEST A COPY OF THE REQUEST FOR PROPOSAL (RFP):**

Please contact James Freeman, Pension Administrator of the Peabody Contributory Retirement System, Peabody City Hall, 24 Lowell Street, Peabody MA 01960 at 978-538-5911 or [james.freeman@peabody-ma.gov](mailto:james.freeman@peabody-ma.gov) no later than Wednesday, October 31, 2018 for a copy of the request for proposal documents.

The deadline for receiving sealed written proposals is Friday, October 31, 2018 at 12:00 Noon, Eastern Standard Time. All proposals shall be delivered to the Peabody Retirement Board, Peabody City Hall, 24 Lowell Street, Peabody, Massachusetts 01960, Attention James Freeman, and shall be clearly marked **Proposal for Actuarial Consulting Service**. All proposals shall be deemed public records after the award process is complete.

Qualified and Selected candidates may be interviewed in November and or December 2018.

The Board anticipates awarding a contract by December 31, 2018. The Board may cancel this RFP, or reject in whole or in part any and all submissions, if the Board determines that cancellation or rejection serves the best interest of the PCRS. The Board reserves its right to terminate the contract for any reason on thirty (30) days written notice.

If any changes are made to this RFP, an addendum will be issued. Addenda will be mailed or faxed to all individuals or firms on record as having responded to this RFP.

Questions concerning this RFP must be submitted in writing to: James W. Freeman, Pension Administrator, Peabody Retirement Board, Peabody City Hall, 24 Lowell Street, Peabody, MA 01960 before October 30, 2018. Questions may be hand-delivered, mailed, emailed, or faxed. Written responses will be mailed, emailed, or faxed to all individuals or firms on record.

An individual or firm may correct, modify, or withdraw a bid by written notice received by the PRB prior to the Submission Deadline. Modifications must be submitted in a sealed envelope 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 PCRS or fair competition. The submission price proposal must remain firm until December 31, 2018.

Envelopes containing sealed proposals will be accepted at the Retirement Office, Peabody City Hall, 24 Lowell Street, Peabody, MA 01960 until the time indicated on the advertisement. Please provide a package containing 6 (six) copies of the technical proposal marked "Technical Proposal" and 6 (six) copies of the fee proposal marked "Fee Proposal". Please also submit one complete electronic file in PDF format.

All necessary PERAC forms must be included and can be found at: <https://www.mass.gov/how-to/memos-required-steps-for-vendors-responding-to-a-procurement-notice>

Proposals shall be opened in the presence of one (1) or more witnesses after October 31, 2018, 12:00PM EST.

### **III. Required Information**

1. A cover letter that is signed by an official with the authority to bind the proposal and a statement that the proposal is valid through December 31, 2018.
2. List the name of your firm, address and telephone number of the home office, and address of the office(s) providing services under the contract.
3. 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.)
4. 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 pension systems created by MGL Chapter 32.
5. Identify the actuary (ies) who would have direct contact with the PRB.
6. Identify non-actuarial professional personnel who would perform work under the contract, including a summary of their professional qualifications and experiences.
7. Identify the MGL Chapter 32 public pension plans for which the actuaries identified in items #4 and 5 above who 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 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 to be followed with emphasis to the implementation of GASB financial reporting requirements (Statements 67 and 68) and procedures that will be used to verify the accuracy of the data submitted by the PRB.
10. Provide a description of the format that you will expect the PRB to provide you with membership and plan data for the annual plan valuation.
11. 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 PRB. Be sure to describe in detail your proposed method of accounting for missing data elements such as age or service.

12. Describe the format in which the results of the valuation will be presented. Please submit an example of a valuation report.
13. Propose a time schedule for the completion of the valuation and the associated forecast schedules. Indicate that 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 PRB maintains in machine-readable form and receipt of relevant asset data from the PRB. Bidders are advised that time is of the essence for this project.
14. A summary of the annual fixed fee and hourly rate charges for specific studies.
15. All appendices in this RFP shall be fully executed.

#### **IV. Purchase Description/Scope of Services**

The PCRS is a Massachusetts Retirement System created pursuant to MGL Chapter 32, §§ 1-28 inclusive, and governed by the rules and regulations promulgated by PERAC. The PCRS has a total membership of 1,741 as of 12/31/2017 including 868 active members, 122 inactive members, and 751 retirees or survivors. The System is directed by 5 board members and employs 2 staff members.

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 MGL Chapter 32 § 21(3), provided that PERAC staff has the opportunity to work with the private consultant.

The scope of services shall include but are not limited to, preparing an actuarial valuation of the system on a two-year schedule beginning with system data as of January 1, 2019, and 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 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 for audited financial statements, governmental agencies and other interested parties,

- Preparation of a written actuarial report with a recommended funding schedule(s) in accordance with Sections 22D and 102 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,
- Preparation of a written Side Letter analyzing the impact of Section 19 of Chapter 188 of the Acts of 2010 (COLA) on the System's funding schedule.

It is the policy of the PRB to arrange for a biennial valuation of plan assets and liabilities and an updated funding schedule for use in the development of the following fiscal year budget. The most recent report was completed as of January 1, 2018 by Sherman Actuarial Services

The annual plan valuation must meet all requirements of PERAC; must provide all actuarial information needed for the City and other Units PRB to comply with the financial reporting requirements of the Governmental Accounting Standards Board; and must provide the annual funding schedule appropriation detail at a level not less than what is included in the current annual valuation report. A complete copy of the PCRS's most recent actuarial valuation will be provided upon request.

In addition to providing the required annual report, the vendor will be expected to provide the PRB with recommendations for changes in valuation assumptions that, in the professional opinion of the actuary, will result in a more accurate valuation of plan assets and liabilities. The actuary will also be expected to provide the PRB with the information on the financial impact of any changes in valuation assumptions that may be recommended for consideration by the actuary or by the PRB.

Not later than April 30th of each year, the PRB will submit to the actuary membership and asset data necessary to complete the required valuation of plan assets and liabilities as of the prior January 01, and for the completion of an updated funding schedule and appropriation forecast for the next fiscal year and the ensuing 30-year time period.

It is preferred that within 2 weeks of the PRB's submission of annual membership and asset data, the actuary will be expected to review the data submission and report any data irregularities or questions to the PRB Pension Administrator for further review and/or correction.

It is preferred that the actuary will be expected to deliver a printed draft report to the PRB within 4 weeks of the submission of final membership and asset data, and to meet and discuss the findings of the draft report along with any recommended actuarial valuation assumption changes at a public meeting of the PRB.

It is preferred that not later than 2 weeks from the PRB's vote to accept draft recommendations of the actuary, the actuary shall provide the PRB with alternative funding schedules, in electronic form, if requested by the PRB.

In addition to the presentation of the draft and final annual reports to the PRB, it is expected that within 2 weeks of the PRB's vote to accept a final funding schedule, the actuary will provide one .pdf copy of the complete valuation report and ten (10) printed and bound copies of the report.

In addition to the presentation of the draft and final annual reports to the PRB, the actuary *may* be expected to attend one (1) additional meeting with the PRB and representatives of the City of Peabody.

The actuary will be expected to respond in writing to all requests for confirmations from the City's independent financial auditors and or the PERAC actuary without additional charge to the PCRS.

The actuary will be expected to routinely respond to PRB telephone and/or e-mail inquiries within one business day of the PRB inquiry.

## **V. General Information and Instructions**

All proposals will be opened and reviewed by staff of the PRB sometime after the October 31, 2018 deadline. *(Dates of interviews and selection are to be determined and subject to change).*

The PRB reserves the right to make an award without interviews of the respondents; therefore, the proposals should be submitted initially on the most favorable terms of both price and technical approach that the respondent can propose to the PRB.

While the evaluation criteria below will be used as a standard, respondents are advised that substantial consideration will be given to the evaluation of technical proposals, as well as price, in the award of the contract.

All respondents are hereby advised that, any proposal which is selected, shall be subject to: (1) approval of the Board, and (2) a written contract. Failure to agree on mutually acceptable contract language shall void the award of the proposed engagement to the selected candidate. The contract shall have a fixed term not exceeding seven (7) years, and specify that it may be terminated earlier by the Board upon thirty (30) days written notice. The contract will specify billing frequency and whether it is in advance or arrears.

Purchases made by the PRB are exempt from the payment of Federal Taxation and Massachusetts sales taxes, and any such taxes must not be included in bid prices.

The bidder must sign and return all appendices accompanying this RFP. All signatures must be in ink, and not typewritten. Improperly signed bids may not be considered.

## **VI. Evaluation Criteria and Rating**

1. Experience of the proposing firm in providing actuarial valuation services to other public pension plans, with preference given to those firms with experience providing actuarial valuation services to Massachusetts public pension systems subject to MGL Chapter 32.

**Highly Advantageous:** The proposing firm, or lead Actuary has fifteen (15) or more years of experience in providing actuarial valuation services to Massachusetts Chapter 32 public pension systems, and has performed a minimum of five (5) such actuarial valuations within the last five (5) years.

**Advantageous:** The proposing firm, or lead Actuary has ten (10) or more years of experience in providing actuarial services to public pension systems plans outside the Commonwealth of Massachusetts, and at least six (6) years of experience with Massachusetts Chapter 32 public pension plans, and has performed a minimum of at least five (5) such actuarial valuations within the last ten (10) years.

**Not Advantageous:** The proposing firm, or lead Actuary has nine (9) or less years of experience in providing actuarial services to Defined Benefit public pension plans

**Unacceptable:** The proposing firm, or lead actuary does not have at least nine (9) years of experience providing actuarial valuation services to a Defined Benefit public pension plan.

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

**Highly Advantageous:** The firm employs sufficient experienced staff, which includes a Fellow of the Society of Actuaries (FSA) and a Member of the American Academy of Actuaries (MAAA), with a documented track record of delivering quality actuarial valuation services to Massachusetts public pension plans in accordance with client schedules.

**Advantageous:** The firm employs sufficient experienced staff which includes Associate of the Society of Actuaries (ASA) and MAAA, and appears to be capable of delivering quality actuarial services in accordance with the schedule of the PCRS.

**Not Advantageous:** The firm is of limited size and has not sufficiently described the staff and their experience relative to providing the actuarial services required by this document.

**Unacceptable:** The firm is not of sufficient size and has not described a sufficient level of experience to perform the services called for in this document. Not a member of the American Academy of Actuaries.

3. Quality of the Proposal.

**Highly Advantageous:** The firm has submitted a proposal that is complete in all respects and is clear, concise, and easy to understand.

**Advantageous:** The firm has submitted a proposal that is complete in all respects and responds to all requirements.

**Not Advantageous:** The firm has submitted a proposal that is nearly complete in all respects and responds to most, but not all requirements.

**Unacceptable:** The firm has submitted a proposal that is not complete and fails to respond to a majority of the requirements.

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

**Highly Advantageous:** The proposal clearly describes a reasonable and attainable schedule for completing the valuations required by this document in a timely manner, as preferred in the request. The methodology described in the proposal is clear and data requirements are what are normally expected with a professionally performed actuarial valuation.

**Advantageous:** The proposal describes a schedule for completing the valuations required by this document in a timely manner. The methodology described in the proposal and data requirements meet the minimum standards for the actuarial valuation required by this document.

**Not Advantageous:** The proposal does not provide a schedule for completing the valuations required by this document 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 described in this document.

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

5. The Proposer's Experience with the Commonwealth of Massachusetts Public Employee Retirement Administration Commission (PERAC).

**Highly Advantageous:** The proposer has performed multiple valuations that have been accepted by PERAC and client retirement boards and the proposer.

**Advantageous:** The proposer has performed some valuations that have been accepted by PERAC and the proposer has demonstrated some ability to respond to direction from PERAC in the conduct of such valuations.

**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 other valuation studies.



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

6. The Proposer's understanding of the disclosure requirements of the Governmental Accounting Standards Board Statements #67 and #68 and how they can be used by the PRB to better manage the PCRS; the clarity of the implementation plan that is proposed to make certain that the PRB and the City of Peabody are capable of complying fully with these requirements; and the cost associated with implementation of these GASB requirements.

**Highly Advantageous:** The proposal includes a clear and concise summary of all the disclosure requirements of GASB Statements 67 and 68 and a brief discussion of how the PRB should use the disclosures to more effectively manage the PCRS; a clear and concise implementation plan that identifies any particular concerns relative to the PCRS; and an identification of the incremental cost of the disclosure requirements on the proposed annual fee.

**Advantageous:** The proposal includes a summary of the disclosure requirements of GASB Statements 67 and 68; a proposed implementation plan; and the impact of the additional disclosures on the proposed annual fee.

**Not Advantageous:** The proposal includes a boiler plate summary of the disclosure requirements of GASB Statements 67 and 68; a general implementation plan; and an estimate of the impact of the requirements on the proposed annual fee.

**Unacceptable:** The proposal includes a boiler plate summary of the disclosure requirements of GASB Statements 67 and 68; no implementation plan; and no breakout of the portion of the annual fee that is associated with implementing Statements 67 and 68.

**VII. FEE PROPOSAL FORM**

All Proposers must complete all portions of this form

	<u>GASB 67/68</u>	<u>Other</u>	<u>Total</u>
Year #1 (January 1, 2019 valuation)	\$ _____	\$ _____	\$ _____
Year #2 (January 1, 2020 valuation)	\$ _____	\$ _____	\$ _____
Year #3 (January 1, 2021 valuation)	\$ _____	\$ _____	\$ _____
Year #4 (January 1, 2022 valuation)	\$ _____	\$ _____	\$ _____
Year #5 (January 1, 2023 valuation)	\$ _____	\$ _____	\$ _____
Year #6 (January 1, 2024 valuation)	\$ _____	\$ _____	\$ _____
Year #7 (January 1, 2025 valuation)	\$ _____	\$ _____	\$ _____
 Total over 7 Years	 \$ _____	 \$ _____	 \$ _____

*The PRB anticipates that it will only require a study biennially beginning January 01, 2019, however, it is seeking proposals for the next seven fiscal years.*

**2. Annual Hourly Rate for Special Studies {2}:**

Year #1	\$ _____
Year #2	\$ _____
Year #3	\$ _____
Year #4	\$ _____
Year #5	\$ _____
Year #6	\$ _____
Year #7	\$ _____

{1} All payments shall be upon receipt of an invoice from the vendor, and after approval of a majority of the members of the PRB at a properly posted meeting.

{2} No payment shall be made for hourly services without a vote of the majority of the members of the PRB to authorize extra services for a defined purpose outside the scope of the annual plan valuation and routine actuarial valuation consulting services and with a not to exceed project fee. Payments for extra work will only be made upon completion; delivery and acceptance of the additional project by a majority vote of the membership of the PRB.

The PRB may be interested in the additional cost of preparing alternative funding schedules, detailing cost of living adjustments given each year versus a zero increase in cost of living.

Total: \$ \_\_\_\_\_

The PRB may be interested in researching accepting the local option, c.188, Acts of 2010 §§19 (Increase COLA base threshold from \$12,000 to \$13,000 or \$14,000.

Total: \$ \_\_\_\_\_

### III. Appendices

#### PEABODY CONTRIBUTORY RETIREMENT SYSTEM

#### CERTIFICATION OF GOOD FAITH

The undersigned certifies under penalties of perjury that this proposal has been 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 other organization, entity or group of individuals.

\_\_\_\_\_  
Name of person signing proposal (print or type)

\_\_\_\_\_  
Authorized signature of person signing proposal

\_\_\_\_\_  
Title

\_\_\_\_\_  
Company

\_\_\_\_\_  
Date

# PEABODY CONTRIBUTORY RETIREMENT SYSTEM

## WARRANTIES

Candidate agrees to the incorporation of the following warranties in contract:

1. Candidate warrants that it will obtain at its own expense (prior to entering into a contract with the PRB) independent verification and authentication of all data presented.
2. Candidate warrants that it will disclose all third-party marketing or sales fees chargeable to the account of the PRB in the procurement.
3. Candidate warrants that it maintains, or will obtain at its expense prior to beginning this assignment, an errors and omissions insurance policy providing a prudent amount of coverage for negligent acts or omissions and that such coverage is applicable to the custodian actions under the contract.
4. Candidate warrants that all information and statements in this RFP are complete and true. Any statement or claim found to be incomplete, misleading or false will be grounds for immediate disqualification or dismissal and may be subject to legal action.

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Date

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Title of person signing proposal

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Authorized signature of person signing proposal

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Printed name of person signing proposal

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Legal name of company

**PEABODY CONTRIBUTORY RETIREMENT SYSTEM**

**CERTIFICATE OF COMPLIANCE**

Pursuant to MGL Chapter 62C, Sec 49A (b), I certify under the penalties of perjury that I \_\_\_\_\_, authorized signatory for \_\_\_\_\_ do hereby certify under the pains and penalties of perjury that said contractor has complied with all laws of the Commonwealth of Massachusetts relating to taxes, reporting of employees and contractors, and withholding and remitting child support.

\_\_\_\_\_  
Social Security Number or \_\_\_\_\_  
Federal Identification Number

\_\_\_\_\_  
Signature of Individual  
or Corporate Name

\_\_\_\_\_  
by Corporate Officer  
(if applicable)

This form shall be submitted by all Bidders.

Approval of a contract, or other agreement, will not be granted unless this certification form is signed by the applicant

**PEABODY CONTRIBUTORY RETIREMENT SYSTEM**

**PERAC ACKNOWLEDGEMENT**

The undersigned certifies that they have reviewed the regulations set forth by the Public Employee Retirement Administration Commission, 840 CMR and are in full compliance. A copy of the regulations can be obtained via the Internet at <https://www.mass.gov/lists/perac-regulations>

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Name of person signing proposal (print or type)

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Authorized signature of person signing proposal

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Title

---

Company

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Date

# PEABODY CONTRIBUTORY RETIREMENT SYSTEM

## PROPOSER'S STATEMENT WITH CERTIFICATION OF NON-COLLUSION

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 other organization, entity, or group of individuals.

The undersigned, by submittal of this Proposal, agrees, should the undersigned become the successful proposer, to all the terms of the specifications and accept these terms as incorporated in a contract with the PRB.

Name of person signing proposal: \_\_\_\_\_

Title:  
\_\_\_\_\_

Name of Business: \_\_\_\_\_

Business Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Telephone No: \_\_\_\_\_ Fax No: \_\_\_\_\_

Email Address: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_



**PEABODY CONTRIBUTORY RETIREMENT SYSTEM**

**CERTIFICATE OF CORPORATE BIDDER**

I \_\_\_\_\_, certify that I am the \_\_\_\_\_ of the corporation named as bidder in the attached Bid Form, that \_\_\_\_\_ who signed said Bid Form on behalf of the bidder was then \_\_\_\_\_ of said corporation, that I know his/her signature hereto is genuine and that said Bid Form was duly signed, sealed and executed for and in behalf of said corporation by authority of its governing body.

(Corporate Seal)

By: \_\_\_\_\_  
(Name - Type or Print)

Signature: \_\_\_\_\_

This Certificate must be completed where bidder is a Corporation and should be so completed by its Clerk. In the event that the Clerk is the person signing the RFP on behalf of the Corporation, this Certificate must be completed by another Officer of the Corporation.