

**City of Pittsburgh
Comprehensive Municipal Pension Trust Fund**

**Actuary
Request for Proposals
Dated September 10, 2021**

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A. INTRODUCTION

In 1987, the Comprehensive Municipal Pension Trust Fund (“CMPTF”) of the City of Pittsburgh (“City”) was created to consolidate the assets of three pension plans covering employees of the City for the purpose of providing funding to cover the retiree obligation to its employees and to achieve the best possible return on investments.

Today, the CMPTF serves more than 3,400 active employees and over 3,100 retirees. The three pension plans are as follows: (a) the Municipal Pension Fund; (b) the Firemen’s Relief and Pension Fund; and (c) the Policemen’s Relief and Pension Fund (each, a “Pension System”).

The CMPTF is governed by a seven-member non-compensated Board of Trustees. The Director of the Department of Finance for the City of Pittsburgh is the executive director of the CMPTF. The Board is solely responsible for establishing policy for the administration and management of the CMPTF investments.

The CMPTF is seeking proposals from qualified companies to serve as an actuary for the CMPTF.

The term of the engagement with the selected Actuary will be two (2) years with two (2) one-year extension options. Either party may terminate the engagement upon thirty (30) days’ written notice to the other party. The Actuary is expected to commence services on January 3, 2022.

The CMPTF shall make its selection based upon the prospective company’s services, experience, reputation, and fees.

B. SCOPE OF SERVICES

The Board is seeking requests for proposals for an actuary for the CMPTF. The Actuary would be responsible for preparing the following reports:

- (a) an annual actuarial valuation report of the Pension Systems, and from each respective value, determining the City’s minimum municipal obligation (“MMO”) it must pay to the CMPTF for each of the three Pension Systems. The MMO is defined in 53 P.S. § 895.302 and 16 Pa. Code § 204.1, which are attached hereto as *Attachment 1*;
- (b) an actuarial valuation for each of the three Pension Systems every other year;
- (c) a summary actuarial valuation for all three Pension Systems combined every other year;
- (d) an experience study prepared every four years which compares a retirement plan’s actual experience over a multi-year period to the actuarial assumptions;
- (e) a Financial Accounting Report on Governmental Accounting Standards Board No. 67 & 68; and
- (f) an Act 205 Actuarial Valuation Report.

The Actuary, which may be selected, also may be required to do separate actuarial work for the City, in addition to the services described herein, and be required to keep records of time expended for these additional services.

Specifically, each Prospective Actuary should demonstrate in its Proposal that it has significant experience and expertise in the following:

- a. Providing actuarial valuation reports for pension or retirement funds for municipalities.
- b. Familiarity with Act 205 of 1984, the Pennsylvania Municipal Pension Plan Funding Standard and Recovery Act, 53 P.S. 895.101 et seq.
- c. Experience in calculating an MMO or similar government obligation.

C. MINIMUM QUALIFICATIONS

Prospective Actuaries must meet the following minimum qualifications to the CMPTF's satisfaction to be given further consideration. Failure to satisfy the minimum qualifications may result in the rejection of the proposal.

The selected Actuary must have at least five years of experience as of January 1, 2021, providing the services described under this Request for Proposals ("RFP"), and these services must be a specialization of the company.

D. PROPOSAL REQUIREMENTS AND INFORMATION

At a minimum, the proposal must include the following information to be considered and must comply with the stated submission instructions and procedures:

1. Submission of Written Questions

Questions that Prospective Actuaries may have regarding the information to be presented in this RFP must be received by the CMPTF Solicitor, Frederick N. Frank, via e-mail frank@fgbmp.com or facsimile transmission at (412) 515-1515 no later than September 24, 2021, 5:00 p.m. local time. Without divulging the source of any query, all questions and the CMPTF responses will be available on the CMPTF website info page available at pittsburghpa.gov after October 6, 2021.

2. Statement of Minimum Qualifications

All Prospective Actuaries must complete a Statement of Minimum Qualifications (*Attachment 2*) substantiating that the Prospective Actuary satisfied the minimum qualifications requirement. Failure to provide complete and accurate information may result in rejection of the proposal.

3. Fee Proposal

All Prospective Actuaries must submit their fees in the format prescribed in the questionnaire (*Attachment 3*). Any material deviation from the prescribed format, in the sole discretion of the CMPTF, may result in rejection of the Proposal.

4. Description of Actuarial Valuation Reports for Municipalities

All Prospective Actuaries must describe their experience with actuarial valuation reports for municipalities in the format prescribed in the questionnaire (*Attachment 3*).

5. Submission of Proposal

- a. Submit ten (10) written copies of your Proposal in a sealed package and one version electronically to the CMPTF Solicitor, Frederick N. Frank, at frank@fgbmp.com. One written copy must contain a cover letter with original signature of a person authorized to contractually bind the Prospective Actuary, to be labeled “Master Copy”, and placed in a loose-leaf, three-ringed binder, which displays the Prospective Actuary’s name on the outside front cover and the spine. (Do not submit the Master Copy with spiral binding).
- b. All Proposals must be delivered by October 25, 2021, 5:00 p.m. local time. Proposals received, in whole or in part, after this date and time will not be considered. The sealed Proposals must be plainly marked with the title, company name and address, and must be marked with “CMPTF Actuary Proposal,” as shown below:

Ten (10) Written Copies and One (1) Electronic Version
Comprehensive Municipal Pension Trust Fund
Attention: Douglas Anderson, Executive Director
City of Pittsburgh
Room 200
414 Grant Street
Pittsburgh, PA 15219

- c. All Proposals shall include the documents identified in the Required Attachment Checklist. Proposals not including the proper required attachments may be deemed non-responsive. A non-responsive Proposal is one that does not meet the basic Proposal requirements.
- d. A Proposal may be rejected if it is conditional or incomplete, deemed non-responsive, or if it contains any alterations of form or other irregularities of any kind. The CMPTF may reject any Proposal and may, in its sole discretion, waive any immaterial deviation in a Proposal. The CMPTF waiver of any immaterial defect shall in no way modify the Request for Proposals or excuse the Prospective Actuary from full compliance with all requirements if selected and engaged.
- e. Costs for developing Proposals and participating in the selection process are the sole responsibility of the Prospective Actuary and shall not be charged to the CMPTF.
- f. An individual who is authorized to contractually bind the Prospective Actuary shall sign the Prospective Actuary Certification Sheet (*Attachment 4*). The signature must indicate the title or position that the individual holds in the company. An unsigned Proposal may be rejected.
- g. A Prospective Actuary may withdraw its Proposal by submitting a written withdrawal request to the CMPTF, signed by the Prospective Actuary or an authorized agent.

- h. The CMPTF shall have no obligation during the evaluation to discover and report to the Prospective Actuary any defects or errors in the submitted documents.

6. Prequalification Evaluation

Each Proposal package will be inspected to ascertain that it is properly sealed, labeled, and received by the deadline. Proposals not passing this inspection may be rejected.

7. Proposal Evaluation Process

- a. The Proposal must be organized to correspond with all requirements and formats set forth in this Request for Proposals. The Proposal should be clear and concise and must be complete. All information must be contained in the Proposal. No assumptions will be made regarding the intentions of the Prospective Actuary in submitting the Proposal. Written Proposals must be organized in a manner to facilitate ease of review by evaluators. All sections will be used in the evaluation.
- b. All Proposals submitted will be evaluated for form and content in accordance with the provisions stated in this Request for Proposals. Clarifications may be requested from the Prospective Actuary at any phase of the evaluation process for the purpose of clarifying ambiguities in the information presented in the Proposal.
- c. Proposals and any subsequent presentations should be submitted with the most favorable terms the Prospective Actuary can offer. If the CMPTF is unable to consummate a professional services contract with the selected Actuary for any reason, the CMPTF reserves the right to award a contract to a responsive and responsible Prospective Actuary receiving the next highest evaluation.
- d. The purpose of the Proposal evaluation process is two-fold: (1) to assess the responses for compliance with the minimum qualifications as well as content and format requirements; and (2) to identify the Prospective Actuary that has the highest probability of successfully performing the services described herein. The evaluation process will be conducted in a comprehensive and impartial manner.
- e. The CMPTF reserves the right to reject all Proposals.

8. Addenda: Errors and Omissions

The CMPTF may modify any part of this Request for Proposals in writing by issuance of an addendum. Addenda issued prior to the final filing date for submission of Proposals will be available on the CMPTF website info page at: <http://pittsburghpa.gov/>.

Addenda issued after the final filing date will be sent to all responding Prospective Actuaries who still are under consideration at the time of the issuance of the addenda.

If a Prospective Actuary discovers any ambiguity, conflict, discrepancy, omission or other error in this Request for Proposals, the Prospective Actuary shall immediately notify the CMPTF of such error in writing and request clarification or modification of the document. Such notice shall be given before the final filing date for submission of Proposals. Modifications of the Request for Proposals by the CMPTF shall be made by addenda as described above.

9. Minority Business Enterprise (MBE) and Women Business Enterprise (WBE)

Minority Business Enterprise (MBE) or Women Business Enterprise (WBE) participation is requested from Prospective Actuaries. Proposals shall include a plan on how and to what extent the MBE/WBE participation will be utilized.

The goals suggested by the CMPTF for the MBE and WBE utilization are 25% and 10%, respectively.

REQUIRED ATTACHMENT CHECKLIST

COMPREHENSIVE MUNICIPAL PENSION TRUST FUND

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A complete Proposal package will consist of the items identified below

Complete this checklist to confirm that the following items are included in the Proposal. Place a check mark or "X" next to each item that you are submitting. For the Proposal to be responsive, all required attachments must be returned, including this checklist. Submit ten (10) written copies and one (1) electronic copy of the Proposal to the CMPTF. The Master Copy must contain original signatures.

<u>Attachment:</u>	<u>Attachment Name/Description:</u>
_____ Attachment 1	53 P.S. § 895.302 and 16 Pa. Code § 204.1
_____ Attachment 2	Minimum Qualifications Certification
_____ Attachment 3	Proposal Questionnaire
_____ Attachment 4	Prospective Actuary Certification Sheet

ATTACHMENT 1 – 53 P.S. § 895.302 and 16 Pa. Code § 204.1

§ 895.302. Minimum funding standard; defined benefit plans self-insured in whole or in part

(a) Generally. - This section applies to any municipality which has established and maintains a pension plan which is a defined benefit plan, and which is self-insured in whole or in part.

(b) Financial requirements of the pension plan. -

(1) Annually, the chief administrative officer of the pension plan shall determine the financial requirements of the pension plan for the following plan year. The financial requirements of the pension plan for the following plan year shall be based on the most recent actuarial valuation report of the pension plan prepared pursuant to Chapter 2.¹ Unless the assets of the pension plan equal the present value of future benefits as reported pursuant to section 202(b)(2),² the financial requirements of the pension plan shall be the normal cost and administrative expense requirements for the following plan year and, if the pension plan has an unfunded actuarial accrued liability pursuant to the most recent actuarial valuation report, the amortization contribution requirement for the following plan year. The financial requirements of the pension plan, however, shall at least be equal to the annual amount of retirement and other benefits anticipated to be payable from the pension plan for the following plan year less the market value of the assets of the pension plan as of the date on which the financial requirements of the pension plan are determined.

(2) The normal cost and administrative expense requirements for the following plan year shall be expressed as a dollar amount and shall be determined by applying the normal cost of the benefit plan and the administrative expense payable from the assets attributable to the benefit plan, as reported in the actuarial valuation report of the pension plan and expressed as a percentage of payroll, to the payroll of the active membership of the pension plan as of the date the financial requirements of the pension plan are determined. In expressing the normal cost and administrative expense requirements as a dollar amount, the municipality shall exclude the compensation of all DROP participants from the payroll of the active membership of the pension plan.

(3) The amortization contribution requirement for the following plan year shall be expressed as a dollar amount and shall be the additional amount reported in the actuarial valuation report of the pension plan as sufficient to amortize on a level dollar basis the various increments of the unfunded actuarial accrued liability of the benefit plan by the applicable amortization target dates as established in section 202(b)(4).

(c) Minimum obligation of the municipality. - Annually, the chief administrative officer of the pension plan shall determine the minimum obligation of the municipality with respect to the pension plan for the following plan year. The minimum obligation of the municipality with respect to the pension plan shall be equal to the financial requirements of the pension plan reduced by the following amounts:

(1) The amount of any member contributions anticipated as receivable for the following year.

(2) If the actuarial value of the assets of the pension plan exceeds the actuarial accrued liability of the pension plan, an amount equal to one-tenth of the amount by which the actuarial value exceeds the actuarial accrued liability.

(d) Payment of minimum municipal obligation. – Annually, the municipality shall provide for the full amount of the minimum obligation of the municipality in the budget of the municipality. The minimum obligation of the municipality shall be payable to the pension plan from the revenue of the municipality. Payment of the minimum obligation of the municipality shall be made by the municipality prior to December 31.

(e) Interest penalty on omitted municipal contributions. - Any amount of the minimum obligation of the municipality which remains unpaid as of December 31 of the year in which the minimum obligation is due shall be added to the minimum obligation of the municipality for the following year, with interest from January 1 of the year in which the minimum obligation was first due until the date the payment is paid at a rate equal to the interest assumption used for the actuarial valuation report or the discount rate applicable to treasury bills issued by the Department of Treasury of the United States with a six-month maturity as of the last business day in December of the plan year in which the obligation was due, whichever is greater, expressed as a monthly rate and compounded monthly.

16 Pa. Code § 204.1

(a) *Latest actuarial valuation report.* Under section 302 of the act (53 P. S. § 895.302), the minimum municipal obligation is based on the latest actuarial valuation report prepared under the requirements of Chapter 2 of the act (53 P. S. § § 895.201-895.208). When an actuarial valuation report has been prepared but not transmitted to the municipality, the municipality may utilize data extracted from that actuarial valuation report. The extracted data shall be compiled in a written document and certified by the actuary engaged to prepare the actuarial valuation report. If the data contained in the actuarial valuation report subsequently filed with the Commission differ from the extracted data previously certified and used to determine the minimum municipal obligation, the data resulting in the higher minimum municipal obligation will be applied in determining compliance with the actuarial funding standard.

(b) *Estimation of member contributions for defined benefit pension plans.* When the minimum municipal obligation is calculated under section 302(c) of the act, the estimated member contributions used in the calculation of the minimum municipal obligation shall be the member contribution rate applied to the payroll used in calculating the normal cost requirements of the pension plan.

(c) *Payroll definitions.*

(1) *Defined benefit pension plans.* The payroll used in determining the minimum municipal obligation of a pension plan under section 302(c) of the act shall be based on the payroll to be reported on the Internal Revenue Service Form W-2 and shall be calculated as the total payroll for active members of the plan as of the date of the determination, plus the payroll for the same active members of the plan projected to the year's end using the payroll rates in effect as of the date of the determination. Adjustments to the payroll calculated under the method prescribed in this section may only be made if the adjustments result in a payroll amount that is greater than the payroll amount calculated under this paragraph.

(2) *Defined contribution pension plans.* The payroll used in determining the minimum municipal obligation of a pension plan under section 303(c) of the act (53 P. S. § 895.303(c)) shall be based on the payroll to be reported on the Internal Revenue Service Form W-2 and shall be the estimated payroll for the active membership of the pension plan, including projected increases in active membership, for the following plan year.

(d) *Implementation of revised calculation of minimum municipal obligation.* The revised calculation of the minimum municipal obligation, as prescribed under sections 302 and 303, shall be implemented for the minimum municipal obligations developed for the plan years commencing after December 31, 1991.

(e) *Failure to adopt a minimum municipal obligation.* If a municipality fails to adopt a minimum municipal obligation, the minimum municipal obligation shall be calculated using the actual payroll and member contributions for the applicable year and actuarial data extracted from the certified actuarial valuation prepared immediately before the year for which the minimum municipal obligation is to be calculated. The minimum municipal obligation calculated under this subsection shall be used to determine compliance with the actuarial funding standard.

ATTACHMENT 2 – MINIMUM QUALIFICATION CERTIFICATION

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Prospective Actuary Name

The Prospective Actuary must certify that the manager satisfies the minimum qualifications, to the satisfaction of the CMPTF, to be given further consideration. Failure to provide complete information, in the sole judgment of the CMPTF, may result in immediate rejection of the Proposal.

Does the Actuary have at least five years of experience as of January 1, 2021, providing the services described under this Request for Proposals (RFP) and warrant that the services are a specialization of the company?

Yes: _____ No: _____

Name of Company

Prospective Actuary
– Authorized Signature

Printed Name

Title

Date

ATTACHMENT 3 – PROPOSAL QUESTIONNAIRE

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A. INSTRUCTIONS

All prospective applicants shall complete each of the sections of this questionnaire.

Responses should be clear, concise and must be complete.

COMPANY NAME: _____

MAIN ADDRESS: _____

CONTACT:
Name: _____
Title: _____
Phone: _____
Email: _____

This questionnaire is intended to provide the CMPTF with specific information concerning your ability to provide the services as described in this Request for Proposals. Please try to limit your responses to no more than one (1) page per question and complete each response in the same order as in this questionnaire.

B. COMPANY INFORMATION

1. Provide a historical overview of your company including ownership and office locations.
2. List your company’s key professionals in the format provided below. Identify with an asterisk (*) those who will be assigned to the CMPTF contract. In an Appendix to this questionnaire, provide a detailed biography and current responsibilities for each person identified. Use additional space as required.

Name	Title	Location	Years with Company	Total Years of Experience in Actuarial Reporting for Municipalities

3. Is your company currently a party to any professional liability litigation? If so, please provide an explanation.
4. Do the services stated in this RFP represent your company’s only area of services from both a business focus and source of revenue perspective?
5. Does your company provide any other pension-related services to any other persons or entities?
6. Describe your company’s experience with actuarial valuation reporting, with an emphasis on municipalities, as described in Section B, Scope of Services.
7. Provide a checklist of key issues or sample work plan of the steps that you would normally undertake in preparing an actuarial valuation report as described in Section B, Scope of Services.
9. Describe any potential conflicts of interest your company might encounter, if selected, to provide the services described in this RFP and how these will be mitigated.
10. Provide a list of and describe your company’s professional relationships involving the CMPTF or the City of Pittsburgh in the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest.
11. State whether any individual who will be assigned to the contract is a current or former official or employee of the City of Pittsburgh or the CMPTF. If applicable, provide details.
12. State whether any individual who will be assigned to the contract is or has been a registered Federal or Pennsylvania lobbyist in the last five years. If applicable, provide details.
13. State whether any employee of your company has contributed to the election campaign of any City of Pittsburgh official within the last two years. If applicable, provide details.

14. State whether any employee of your company has made a gift having a value of One Hundred Dollars (\$100) or greater to any official or employee of the City of Pittsburgh within the past twelve months. If applicable, provide details.
15. State whether your company has retained any third-party intermediary, agent, or lobbyist in the past twelve months in connection with the award of this contract. If applicable, provide details.
16. State whether any employee of your company has had a direct financial, commercial, or business relationship with any official or employee of the City of Pittsburgh within the past twelve months. If applicable, provide details.
17. State whether any employee of your company is subject to any non-compete agreement with any other company which would prevent the employee or your company from providing services to the CMPTF or the City. If applicable, provide details.
18. Explain your approach for Minority Business Enterprise (MBE) and Women Business Enterprise (“WBE”) participation in the services that you would provide for the CMPTF.
19. List five client references for which the company has provided the services listed in Section B, Scope of Services, within the past three (3) years. The CMPTF reserves the right to contact any of the client references and to conduct reference checks beyond that supplied by the Prospective Actuary.

C. FEES

Set forth with specificity the fees the Prospective Actuary would charge the CMPTF to serve as its Actuary. The Prospective Actuary shall state whether these fees are discounted for a public institution.

The Prospective Actuary also must provide how direct and indirect costs may be incurred by the CMPTF, including but not limited to travel, filing fees, and copying charges.

Once the Actuary is selected, the fee may be further revised depending on factors that may affect the proposed fee. In no case will the revised fee be higher than the fee contained in the Proposal. The length of the Engagement will be two (2) years with two (2) one-year extension options.

ATTACHMENT 4 – PROSPECTIVE ACTUARY CERTIFICATION SHEET

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To the best of our knowledge, all information and representations provided are true, complete, and accurate.

We represent and warrant that our company did not confer with any other persons or organizations submitting information regarding the search in progress.

The Prospective Actuary warrants that the company maintains professional liability insurance of a minimum single occurrence value of \$1,000,000, and \$5,000,000 aggregate.

The Prospective Actuary warrants that it will not delegate its responsibilities assumed under the agreement.

We have read the complete materials and agree to the terms and requirements upon which this Request for Proposals is conditioned.

The offer in this Proposal will remain valid for a period of 270 days from the submission deadline.

The signature affixed hereon and dated certifies compliance with all the requirements of this Proposal. The signature below authorizes the verification of this certification.

Company Name	Telephone Number
Address	
Primary Contact	Email Address
Primary Contact Name (print)	Title
Signature	Date