

# Request for Proposal For Actuarial Services

Prepared by Edwardsville Borough,  
Luzerne County, Pennsylvania

For

The Edwardsville Borough Police,  
Fire, and Nonuniformed Pension  
Plans

Issue Date: December 1, 2010

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ADDRESS

Edwardsville Borough  
470 Main St.  
Edwardsville, PA 18704

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## **INTRODUCTION AND HISTORICAL BACKGROUND**

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Edwardsville Borough is soliciting proposals from qualified firms to provide actuarial services to its three pension plans.

The provisions of the Police Pension Plan are governed by Pennsylvania Act 600 of 1956, as amended. The Fire and Non Uniform Plans are defined contribution plans. For all plans, the funding and reporting to the agencies of the Commonwealth of Pennsylvania is in accordance with Act 205 of 1984. The plans provide retirement, death, and disability benefits to the Borough's police officers and disability benefits for its firefighters. The Police Plan has 4 actives and 4 retirees. The Fire Plan has 2 actives and 0 retirees. The Non-uniformed Plan has 5 actives and 0 retirees.

The general administration and the responsibility for the proper operation of the retirement system are vested in the Borough Council.

# **QUALIFICATIONS AND PROFESSIONAL STAFF**

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## Minimum Qualifications

1. The firm is a professional actuarial firm that provides actuarial valuations, experience investigations, and pension consulting services.
2. The principal actuary who will be responsible for the plan is an enrolled actuary and is certified to perform actuarial services under Act 205.
3. The proposal must be signed by an the principal actuary and must state the name, title, address, phone number, fax and internet address of a contact person who is authorized to provide clarification of the proposal should it be necessary.

## Experience with Pennsylvania Municipal Retirement Plans

1. Actuaries and Actuarial Staff:
  - a. Principal Actuary: Identify the principal actuary by name and give the year such actuary became an enrolled actuary under Section 3042 of the Employees' Retirement Income Security Act of 1974 and the number of years of experience with Pennsylvania municipal retirement plans. Also, indicate the number of Pennsylvania municipal retirement plans, and retirement plans in general, for which the principal actuary has primary client responsibility.
  - b. Identify other actuaries employed by the actuarial consulting firm who are certified to perform actuarial services under Act 205 and the number of years of experience with Pennsylvania municipal retirement plans.
  - c. Provide the total number of enrolled actuaries employed by the actuarial consulting firm.
  - d. Provide the number of actuarial support staff who perform actuarial calculations for Pennsylvania municipal retirement plans.
  - e. Identify all outside consultants who provide actuarial services. List name(s) of individuals, name(s) of company(ies), Address, Telephone, and a description of services to be provided.

## **QUALIFICATIONS AND PROFESSIONAL STAFF (CONTINUED)**

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### 2. Firm History and Operations

- a. For how many years has the firm been providing actuarial services?
- b. For how many years has the firm been providing actuarial services to Pennsylvania Municipal Retirement Plans?
- c. For how many Pennsylvania Municipal Retirement Plans is your firm currently providing actuarial services?
- d. Please identify the location of the primary office that will provide services for the police pension plan.
- e. Describe the ownership structure of the firm, including the relationships of each branch office to the other branch offices and to the headquarters. Identify the individual or individuals who have overall responsibility for the firm's operations.
- f. Please describe any material developments or changes in the ownership structure of your organization over the past three years. Describe any planned material changes in your organization in detail.
- g. How many employees are located at the branch office that will be responsible for services under this proposal?
- h. If the client contact person is other than the actuary, please identify who will be the client contact person on the account?
- i. Describe the firm's computer capabilities in detail.

# **SCOPE OF SERVICES TO BE PROVIDED FOR EDWARDSVILLE BOROUGH PENSION PLANS**

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## Regular Services

The successful actuarial firm will be required to perform the following actuarial services for the Pension Plans on an annual or biennial basis:

1. Prepare the actuarial valuation reports as of January 1 of each odd-numbered year, beginning January 1, 2011. The reports include benefit information on all members in the plans, as well as plan funding information. The valuation process should include a review of the actuarial assumptions as well as the plan's overall condition.
2. Prepare the Act 205 forms to be submitted to the Public Employee Retirement Commission every other year, beginning January 1, 2011.
3. Prepare annual benefit statements showing benefit information for each member of the plan beginning January 1, 2011.
4. Determine the minimum municipal obligation (MMO) required by Act 205 to be submitted by the Chief Administrative Officer to the governing body by September 30 of each year.

# **SCOPE OF SERVICES TO BE PROVIDED FOR EDWARDSVILLE BOROUGH PENSION PLANS (CONTINUED)**

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## Additional Services

The successful actuarial firm will be required to perform the following actuarial services upon request of the Borough:

1. Assist Borough in determining pension benefits for retired and terminated members.
2. Inform the Borough of legislative and regulatory changes that may be applicable to the plans.
3. Provide actuarial studies for benefit cost estimates and additional actuarial services upon the request of the Borough.
4. Provide the necessary documentation or actuarial testimony during labor negotiations.
5. Prepare plan documents including amendments, Summary Plan Descriptions, and ordinances or resolutions as needed by the Borough.
6. Provide assistance and attend meetings as required or requested by Borough management and the Borough Council.

## **REFERENCES**

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Please list five (5) Pennsylvania municipal pension plan clients for whom the firm has provided actuarial services within the past year. At least three (3) of the reference clients must be clients who have been serviced by the principal actuary who will be assigned to Edwardsville Borough. For each reference listed, include the name of the municipality, the contact person at the municipality, telephone number and the email address.

## FEES

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Please provide the following information regarding fees:

### REGULAR ACTUARIAL SERVICES

Annual fee in years in which an actuarial valuation report is required under Act 205:	\$ _____
Annual fee in years in which an actuarial valuation report is not required under Act 205:	\$ _____

### ADDITIONAL SERVICES

Hourly billing rates for principal actuary assigned to the Plan:	\$ _____
Hourly billing rates for actuarial support staff assigned to the Plan:	\$ _____

## SUBMISSION OF PROPOSALS

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Bidders should submit their proposals to:

**Edwardsville Borough**  
**470 Main Street**  
**Edwardsville, Pa 18704**

Proposals must be received by February 28, 2011. In addition, a completed Disclosure Form must be received by the same deadline.

No exceptions to this deadline will be allowed unless the Borough extends the deadline, whereupon it will notify recipients of the RFP. The RFP shall be no more than 10 pages. You should submit 2 copies of your proposal. Submission of proposals or any portion thereof via FAX, electronic or magnetic media shall not be accepted.

Any firm that wishes to correct, amend or supplement their proposal must do so prior to the filing deadline and must do so by withdrawing its proposal in its entirety and submitting a complete, corrected proposal package. Modification in any other manner will not be accepted.

Proposals become the property of Edwardsville Borough upon submission and will not be returned.

All costs for developing proposals are entirely the responsibility of the actuarial firm and shall not be chargeable to Edwardsville Borough. Edwardsville Borough accepts no responsibility for lost or late delivery of proposals.

Questions about the Request for Proposal must be submitted in writing by email, mail or by fax at (570) 288-7041 or [cjszalkowski@aol.com](mailto:cjszalkowski@aol.com) no later than February 28, 2011.

## EVALUATION CRITERIA

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Only proposals that meet the Minimum Qualifications will be evaluated. The evaluation will take place in two phases. Phase One will involve review of written proposals. Phase Two will involve interviews with the Borough Council who will make the final selection. In both phases of the selection process, firms will be evaluated using the following criteria.

- Understanding of Pennsylvania Municipal Pension Plans, including Act 600 and Act 205
- Professional Staff
- Firm Organizational Background and Resources
- Actuarial Services
- Fees

## **MISCELLANEOUS PROVISIONS**

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Borough Council reserves the right to cancel this RFP at any time and to reject any and all proposals submitted in response to this RFP, if the Council determines such action or actions to be in the best interest of the membership of the pension plans.

The Borough also reserves the right to request clarification of any submission, modify or alter the Scope of Services and solicit new submissions, reject any or all submissions, and wave immaterial irregularities in any submission.

The Borough does not intend to entertain limited liability clauses of any type with the winning bidder.

# Disclosure Form for Actuarial Firms Responding to the Borough of Edwardsville RFP

## Definitions for Disclosure Questions

The following definitions apply for answering the questions in this disclosure form:

**Affiliated Entity:** Any of the following: (1) A subsidiary or holding company of a lobbying firm or other business entity owned in whole or in part by a lobbying firm. (2) An organization recognized by the Internal Revenue Service as a tax-exempt organization under Section 501(c) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 501(c) established by a lobbyist or lobbying firm or an affiliated entity.

**Applicant:** Any person, company or other entity that receives payments, fees or any other form of compensation from a municipal pension fund in exchange for rendering professional services for the benefit of the municipal pension fund. The term Applicant shall also include an Affiliated Entity of the Applicant.

**Contributions:** As defined in section 1621 of the act of June 3, 1937 (P.L. 1333, No. 320), known as the Pennsylvania Election Code.

**Executive Level Employee:** An employee of a person or the person's affiliated entity who: (1) can affect or influence the outcome of the person's or affiliated entity's actions, policies or decision related to pension and the conduct

of business with a municipality or a municipal pension system; or (2) is directly involved in the implementation or development of policies relating to pensions, investments, contracts or procurement or to the conduct of business with a municipality or a municipal pension system.

**Political Committee:** As defined in section 1621 of the act of June 3, 1937 (P.L. 1333, No. 320), known as the Pennsylvania Election Code.

**Professional Services Contract:** A contract to which the municipal pension system is a party that is: (1) for the purchase or provision of professional services, including investment services, legal services, real estate services and other consulting services; and (2) not subject to a requirement that the lowest bid be accepted.

### **List of Municipal Officials**

Certain disclosures refer to municipal pension system officials and employees as well as municipal officials and employees. To assist you in preparing your answers, you should consider the following names to be a complete list of pension system and municipal officials and employees. Throughout this Disclosure Form, the below names will be referred to as the List of Municipal Officials.

Attorney William Finnegan Jr. – Solicitor  
Charles Szalkowski – Borough Manager  
David Stochla – Council President  
Leonard Nareski – Council Vice-President  
Catherine Sopranno – Councilwoman  
John Sedeski – Councilman  
Luke Sowcik – Councilman

Gary Moran – Councilman  
Gary Mack – Councilman  
David Souchick – Police Pension Board  
Joseph Souchick – Police Pension Board  
Jack Bonczewski – Fire Pension Board  
George Tomasak – Fire Pension Board  
Michael Wozniak – Non-Uniformed Pension Board  
Leonard Lengle – Non-Uniformed Pension Board

**Disclosures by Actuarial Firms Responding to the RFP**

1. Provide the names and titles of all individuals who would provide actuarial services to Edwardsville Borough pension plans including advisors and subcontractors of the Applicant. After each name provide a description of the responsibilities of that person with regard to the professional services being provided to each designated pension plan.

(a) List the names of any of the above individuals who are a current or former official or employee of Edwardsville Borough and their position with the Borough;

(b) List the name of any of the above individuals who has been a registered Federal or Pennsylvania State lobbyist and the date of the most recent renewal/registration.

2. Since December 17, 2009, have any of the individuals identified in paragraph 1 above been employed by Edwardsville Borough.

(a) If the answer is yes, please identify the individual, his/her position with the Borough and dates of employment.

3. Since December 17, 2009, has the Applicant employed or paid compensation to a third party intermediary, agent or lobbyist to directly or indirectly communicate with any individual on the List of Municipal Officials in connection with any transaction or investment involving the Applicant and the Borough. This question does not apply to any officer or employee of the Applicant who is acting within the scope of the Applicant's standard professional duties on behalf of the Applicant including the

actual provision of legal, accounting, engineering, real estate or other professional advice, services or assistance pursuant to its professional services contract with the municipal pension system.

4. Since December 17, 2009, has any agent, officer, director or employee of the Applicant solicited a third party to make a political contribution to any municipal official or candidate for municipal office in Edwardsville Borough or to the political party or political action committee of that official or candidate?

(a) If the answer is yes, please identify: the agent, officer, director or employee who made the solicitation; the individual or individuals who were solicited; and the municipal officials, candidates, political party or political committee for whom the solicitation was made.

5. Since December 17, 2009, has the Applicant made any contribution to a municipal official or candidate for municipal office in Edwardsville Borough?

(a) If the answer is yes, please identify the recipient, the amount, and the date of the contribution.

6. Does the Applicant have a direct financial, commercial or business relationship with any individual on the List of Municipal Officials?

(a) With respect to every municipal official for which the answer is yes, identify that individual and provide a detailed written description of that relationship.

7. Since December 17, 2009, has the Applicant conferred any gift of more than nominal value to any individual on the List of Municipal Officials? A gift includes money, services, loans, travel, lodging, entertainment, discount, or other thing of value.

(a) With respect to every municipal official for which the answer is yes, identify the recipient, the gift, and the date it was conferred.

8. Did the Applicant make political contributions that meet all of the following four criteria: (i) The contribution was made in the last five years, specifically, since December 18, 2004; (ii) The contribution was made by an officer, director, executive-level employee or owner of at least five percent (5%) of the Applicant; (iii) The amount of the contribution was at least \$500 in the form of either a single contribution by an officer, director, executive-level employee, or owner of at least five percent (5%) or the aggregate of all contributions by all officers, directors, executive-level employees, and owners of at least five percent (5%); and (iv) The contribution was made to a candidate for any public office in the Commonwealth or to an individual who holds that office, or to a political committee of a candidate for public office in the Commonwealth or of an individual who holds that office.

(a) If the answer is yes, then the Applicant shall provide the following information: the name and address of the contributor; the contributor's relationship to the Applicant; the name and office or position of each recipient; the amount of the contribution; and the date of the contribution.

9. With respect to your provision of professional services to Edwardsville Borough, are you aware of any apparent, potential or actual conflict of interest with respect to any officer, director or employee of the Applicant and officials or employees of Edwardsville Borough.

(a) If the answer is yes, please provide a detailed written explanation of the circumstances which you believe provide a basis to conclude that an apparent, potential or actual conflict of interest may exist.

10. Please provide the name(s) and position(s) of the person(s) completing this Form. One of the individuals identified by the Applicant in paragraph 1 above must participate in completing this Form and must sign the below verification.

\_\_\_\_\_

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

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

VERIFICATION

I, \_\_\_\_\_, hereby state that I am  
\_\_\_\_\_ for \_\_\_\_\_, and I  
am authorized to make this verification.

I hereby verify that the facts set forth in the foregoing Disclosure Form are true  
and correct to the best of my knowledge, information and belief.

I understand that false statements herein are made subject to the penalties of 18  
P.A.C.S. § 4904 relating to unsworn falsification to authorities.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date