

# FIREMEN’S ANNUITY AND BENEFIT FUND OF CHICAGO

## Request for Proposal:

Actuarial Services  
August 30, 2019

### I. OVERVIEW

The Firemen’s Annuity and Benefit Fund of Chicago (the “Fund” or “FABF”) hereby issues a request for proposals (“RFP”) from qualified institutions that provide Actuarial Services to Public Pension Plans. The Actuarial Services firm submitting a proposal shall be referred to as a “Respondent” or “Firm”. The term of the agreement is subject to negotiation.

All forms needed for submitting a response to this RFP are available on the Fund’s website at: <http://www.fabf.org>. **Respondents to this RFP are responsible for monitoring the Fund’s website for information pertaining to the RFP while the RFP is outstanding.**

The Firemen’s Annuity and Benefit Fund of Chicago (FABF) is the administrator of a defined-benefit, single-employer pension plan that provides benefits to the firefighters and paramedics of the City of Chicago and their widows and children. FABF is qualified under Section 414(d) of the Internal Revenue Code of 1986 (the “Code”) as a governmental plan; (ii) exempt under the provisions of Section 501(a) of the Code; and is (iii) a “Qualified Institutional Buyer” as defined in Rule 144A(a)(1)(i)(D) under the Securities Act of 1933. FABF is governed and operates under the Illinois Compiled Statutes, Chapter 40, Articles 1 and 6. FABF provides pension and disability benefits to approximately 9,600 participating members, including over 5,000 benefit recipients.

The Fund’s actuarial statements are prepared using data provided by the Fund on a calendar year reporting basis. Actuarial reports for the last ten years are available on the Fund’s website at: <http://fabf.org/FinanceInfo.html>

### II. RFP TIMELINE\*\*\*

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|--|-------------------------------|
| 1. Date of Issue:                        | August 30, 2019               |
| 2. Deadline to Submit Written Questions: | September 20, 2019 3:00PM CST |
| 3. Q&A Document Posted                   | September 27, 2019            |
| 4. Final Responses Due:                  | October 11, 2019 12:00PM CST  |
| 5. Review, Selection & Negotiation:      | October/November 2019         |
| 6. Proposed Approval by Board:           | December 18, 2019             |

**\*\*\*The timeline is subject to change. Any changes to the timeline will be posted on the Fund’s website. \*\*\***

### **III. FABF RFP PROCEDURES**

The Fund will post notice of the RFP on its website. Neither this RFP nor any response to this RFP should be construed as a legal offer.

All interested Respondents must submit their responses in accordance with the proposal submission instructions below. The FABF reserves the right to reject any or all proposals submitted. All material submitted in response to the RFP will become the property of the Fund. The FABF is not responsible for any costs incurred by the Respondents in responding to this RFP.

If it becomes necessary to revise any part of the RFP, or if additional information is necessary for a clarification of provisions within this RFP, prior to the due date for proposals, a supplement will be provided to all known Respondents and posted on the Fund's website. If a supplement is necessary, the Fund may extend the due date to accommodate any additional requirements.

Respondents are advised that proposal materials are subject to the Illinois Freedom of Information Act (5 ILCS 140). After completion of the RFP, selection by the Fund and successful negotiation of a contract, if any, proposals submitted may be viewed and copied by any member of the public, including news agencies and competitors. Respondents claiming a statutory exception from the Illinois Freedom of Information Act for information within the Respondents' proposals must identify relevant language as confidential, and identify in the email transmission of the proposal whether confidential information is included. Further, each page of confidential documentation must be labeled as such. The Respondent must also specify which statutory exemption applies for each piece of confidential information. The Freedom of Information Act can be found at the Illinois General Assembly's website (<http://www.ilga.gov/>). The FABF reserves the right to make determinations of confidentiality. If the FABF disagrees with a Respondent's confidential designation, it may either reject the proposal or discuss its interpretation of the exemptions with the Respondent. If agreement can be reached, the proposal will be considered. If agreement cannot be reached, the FABF will remove the proposal from consideration.

The Fund's staff shall open the responses and review each for content, quality and compliance with the RFP's requirements. Following the review, the field of candidates will be, if necessary, narrowed to a smaller list of the most qualified Respondents. The Fund's staff reserves the right to meet with representatives of each Respondent to obtain an independent assessment of the Respondent's capabilities.

Following the comprehensive review process, Fund staff shall recommend finalists to the Board. The Board may accept or modify the recommendation. The finalists may be asked to appear before the Board to present the Firms' qualifications. If satisfied with the capabilities of one or more Respondents, the Board will make a final selection.

Once proposals have been submitted to the Fund staff, ex parte communications between the Fund's staff and interested parties, including Respondents, or non-interested parties on the subject of this procurement, shall be prohibited until a final decision is made. Notwithstanding the prior sentence, the Fund's staff may communicate with a particular Respondent for the sole purpose of gaining clarification regarding information provided in response to this RFP. Furthermore, any communication related to this RFP between a Respondent and any member of the Board (the "decision makers") is prohibited until the Fund's final decision regarding the search is posted on the Fund's website (a so-called "quiet period"). Excluding communication with Respondent on matters of routine Fund business.

#### **IV. PROPOSAL SUBMISSION**

The Fund's Executive Director shall oversee the RFP process. If a Firm is interested in submitting a proposal, it must submit (2) hard copies and an electronic copy of the complete proposal by **12:00 PM, CST, October 11, 2019** to:

**SEARCH CONTACT:** \_\_\_\_\_

Steve Swanson  
Executive Director  
Firemen's Annuity & Benefit Fund of Chicago  
20 South Clark Street, Suite 300  
Chicago, IL 60603-1899  
[Searches@fabf.org](mailto:Searches@fabf.org)

Procedural and substantive questions concerning the RFP must be submitted in writing via e-mail to the Search Contact by **3:00 PM, CST, September 20, 2019**. Responses to questions properly submitted will be consolidated in a single Q&A document and posted on the Fund's website on or about **September 27, 2019**. The Q&A document will not identify the source of the query.

**PLEASE NOTE: Respondents WILL NOT receive individualized responses from the Search Contact, in response to questions submitted. Respondents must review the Q&A document posted on the Fund's website to receive answers to all questions submitted.**

If the Fund's staff has questions regarding how to interpret a Respondent's proposal, the Fund's staff is authorized to request additional information from that Respondent.

**ANY PROPOSAL THAT IS EITHER INCOMPLETE OR RECEIVED AFTER THE OCTOBER 11, 2019 DUE DATE DEADLINE WILL NOT BE CONSIDERED.**

**PROPOSALS MUST CONTAIN THE FOLLOWING DOCUMENTS:**

1. Transmittal Letter. A transmittal letter must be submitted on the Respondent's official business letterhead. The letter must identify all documents provided in response to the RFP, and must be signed by an individual authorized to bind the Respondent contractually. An unsigned proposal shall be rejected. The letter must also contain the following:

- A. The name and address of any entity that is a parent of or owns a controlling interest in the Respondent, any person who has an ownership or distributive income share in the Respondent that is in excess of 7.5%, and the executive officers of the Respondent.
  - B. Statement that the proposal is being made without fraud or collusion; that the Respondent has not offered/received any finder's fees, inducements or any other form of remuneration, monetary or non-monetary, to/from any individual or entity relating to the RFP, the Respondent's proposal or the Fund's selection.
  - C. An acknowledgement by the Respondent that the proposal is a firm and irrevocable offer good for one (1) year from the date of the proposal.
  - D. Statement that identifies any conflicts of interest; specifically, disclose any current business relationship or any current negotiations for prospective business with the Fund, the Fund's Executive Director, any current or former member of the Board, or the City of Chicago.
  - E. A statement that the Respondent is willing and able to perform the services described in the Scope of Services section of this RFP.
  - F. A statement that the Respondent agrees to act as a fiduciary to the Fund in accordance with the Illinois Pension Code
  - G. A statement that the Respondent has available the staff and other resources required to perform all services required by the RFP and to provide all required deliverables within the specified time frames.
  - H. The name, title or position, e-mail address, and telephone number of the individual signing the transmittal letter on behalf of the Respondent.
2. Employee Diversity Table. The Respondent must complete and submit the Employee Diversity Table that accompanies this RFP.

## V. SCOPE OF SERVICES

The Respondent will be considered for the following services:

1. Preparation of the annual actuarial report
2. Preparation of GASB Statements Nos. 67 & 68 Accounting and Financial Reporting for Pensions
3. GASB 75 OPEB valuation for retiree health care benefits for Fund staff
4. 50-year projection
5. Actuarial certification for Financial Statements
6. Letter to City of Chicago certifying amount of funding requirements
7. Detail of reserves and normal cost
8. Preparation of necessary schedules for the preparation of the annual Auditor's Report
9. Routine consultation with the Comptroller and Executive Director
10. Advice on any changes from the Plan Sponsor, the State of Illinois, GASB, IRS, or other governing bodies which could impact the Fund
11. Presentation of actuarial report to the Board of Trustees
12. Work with Fund Staff on any actuarial projects
13. Periodic experience studies
14. Periodic impact statement for proposed legislation
15. Develop and provide various tables or factors needed by the Fund

16. Any other matters within the Board's responsibilities

## **VI. ACTUARIAL REPORT REQUIREMENTS**

A minimum of twelve (12) copies of each annual Actuarial Report are required. In addition, the Consulting Actuary is responsible for providing electronic versions of the Actuarial Report in a format compatible for posting on the internet. The Consulting Actuary must also provide a Word document of the report and an Excel document of the charts to be used for the Financial Statements.

The Fund is on a calendar year reporting cycle. The valuation work should be performed during the months of February or March, although some preliminary work could be performed at an earlier time. The Actuarial Report will be due by approximately April 3rd in order to meet the submission requirements of the Plan Sponsor.

## **VII. QUESTIONNAIRE**

1. Please provide the Firm name, and the name, titles, and contact information of the individuals who will be our primary contact.
2. Please provide a historical summary of the Firm.
3. Please comment on the financial condition of the Firm.
4. Please comment on any potential changes in the Firm ownership.
5. Resumes of key personnel that will be assigned to the account.
6. Please comment on any proposed succession planning of primary contacts if retirements are planned in the near future.
7. Sample list of other public pension fund clients and length of service. Provide references and contact information.
8. Identify the three largest clients the Firm has gained/lost in the past five years. Please explain clients lost.
9. Indicate any legal or investigatory action against the Firm within the last 5 years.
10. Indicate complaints against your personnel that have been leveled by a professional board or other regulatory authority, if any. Indicate any corrective actions that have been taken by the Firm with respect to these people.
11. Describe the levels of coverage for errors and omissions insurance and any other fiduciary or professional liability insurance the Firm carries. List the insurance carriers supplying the coverage and supply certificates evidencing the coverage.
12. Describe how the Firm will approach the actuarial valuation of the Fund and the areas that will receive primary emphasis. Also discuss the Firm's use of technology in the valuation. And finally, discuss the communication process used by the Firm to discuss issues with the Fund staff and the Board.
13. Set forth your fee proposal for the FY2019 actuarial report and any additional costs that would be incurred based on the proposed Scope of Services as set forth in Section V. Proposal should include a single price estimate for the preparation of the annual actuarial report, and ranges with a not to exceed amount for potential additional actuarial services. Please identify services that are priced based on the totality of the service or estimated time and materials.

Include any guarantees that can be given regarding increases in future years, specifically for the preparation of the annual actuarial report.

14. Describe how and why the Firm is different from other firms serving Illinois based Public Pension Funds, and why our selection of the Firm as FABF's consulting actuary is in the best interest of the Fund.
15. Any other information you would like us to consider.

## VIII. AWARD CRITERIA

Award will be considered to Respondent whose proposal is responsive, is considered the best of those submitted (without consideration of price), and with whom the Fund is able to negotiate a fair agreement and reasonable fee structure.

The Fund Staff shall determine how well the proposal meets the review criteria. The Fund Staff shall present to the Board a summary of **all** responsive Respondents and an analysis on the most qualified Respondents regarding key aspects identified below:

1. Completeness and Quality of Proposal
2. Experience, Qualifications, References and Diversity of Staff
3. Organization
4. Key Personnel
5. Product and Process
6. Fees
7. Status as a Certified Minority or Women Owned Business Enterprise

The Fund will attempt to negotiate a fair agreement and reasonable fee structure with the awarded Respondent. If the Fund is unable to do so, the Fund reserves the right to award and negotiate with the next most qualified Respondent. The Fund shall consider the offer, including the Respondent's qualifications, reputation, fees, and other relevant factors, in negotiating a fair agreement and reasonable fee structure.

Thank you for your interest in this RFP and the FABF looks forward to your response.