



REQUEST FOR PROPOSAL

FOR

ACTUARIAL SERVICES

Issuer:

**Austin Fire Fighters Relief and Retirement Fund
(AFRRF)**

Anumeha Kumar, Executive Director

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Austin, TX 78746

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INTRODUCTION

The Austin Fire Fighters Relief and Retirement Fund (the “Fund” or “AFRRF”) is requesting proposals from actuarial consulting firms to perform actuarial services for the Fund.

Legal description: AFRRF is a qualified governmental defined benefit plan, as defined under Section 401(a) of the Internal Revenue Code. The Fund is authorized under Article 6243e-1, Vernon’s Texas Civil Statutes, which constitutes the Plan document.

Governance: Five-member Board of Trustees (the “Board”) consisting of three active or retired trustees elected by the membership (both active and retired firefighters), the Mayor of the City of Austin (the “City”) who is also the presiding officer, and City treasurer who is the secretary-treasurer on the Board. The Board has general powers and duties to govern the Plan.

Membership: Active and retired fire fighters employed by the City. As of December 31, 2021, active members totaled 1,175, and annuitants totaled 924.

Assets under management: Market value as of December 31, 202 of \$1.3 Billion.

Fiscal Year: Calendar Year, January 1 to December 31.

Consultants: Meketa Investment Group, Investment Consultant; State Street, Fund Custodian; Jackson Walker, Legal Counsel.

For further information: More detailed information about the Fund, including benefits, assets, liabilities, Board of Trustees, and staff can be found at www.afrrf.org.

2021 Actuarial Valuation, <https://www.afrrf.org/annual-reports>
2021 Annual Report, <https://www.afrrf.org/annual-reports>

OVERVIEW

I. INVITATION

- a. AFRRF Board of Trustees, through its Executive Director Anumeha Kumar, is requesting proposals from qualified consulting actuarial firms to conduct annual actuarial valuations and provide consulting and reporting services for Fund’s defined benefit plan.

II. SCOPE OF WORK

The firm selected will perform the following services for AFRRF in accordance with actuarial standards as defined by the Actuarial Standards Board, the requirements of the Governmental Accounting Standards Board and the

Government Finance Officers Association.

III. GENERAL SERVICE REQUIREMENTS

- a. Actuarial Valuation: Prepare an annual actuarial valuation of the assets and liabilities of AFRRF based on assumptions and methods that are reasonable in the aggregate, considering the experience of the Fund and reasonable expectations, and that, in combination, offer the actuary's best estimate of anticipated experience under the program. The valuation should include a forecast of approximately 10 years, estimating the funding status, including the unfunded actuarial accrued liability, funded ratio and funding period. In addition, the valuation should illustrate potential funding status outcomes based on varying rates of investment return to show the sensitivity to investment performance. The proposer will load, review, and reconcile census data provided for the valuations. The valuation must be prepared and presented to the Board in person at its meeting in Austin, Texas as soon as possible after the close of each fiscal year, but in no event no later than one month prior to AFRRF's statutory due date for submission to the State Pension Review Board on July 30.
- b. Experience Study: Conduct an actuarial experience study on a periodic basis with the frequency to be recommended by the actuary, but no less than once every five years.
 - Review all current actuarial assumptions and methods and compare to actual recent experience and, where appropriate, propose modifications to the assumptions to better reflect experience.
 - Perform this requirement in accordance with generally accepted actuarial principles and practices, and in full compliance with the Actuarial Standards of Practice as issued by the Actuarial Standards Board.
 - Present the final experience study information to AFRRF Board of Trustees one time in Austin, Texas.

Please specifically address your recommended timeframe for this study in your proposal and quote fees based on the recommended timeframe.

- c. Accounting Valuation: Prepare Governmental Accounting Standards Board (GASB) Nos. 67 and 68 reporting information plus any other relevant calculation and/or reporting required of any future GASB pension-related standard.
- d. Annual Report Coordination: Contractor will be expected to provide actuarial information in an accurate and timely manner for AFRRF preparation of its Annual Report.
- e. Cost of Living Adjustment (COLA) Analysis and Determination: Discuss your understanding and analysis of the Fund's COLA Adjustment Policy. Perform an analysis annually to determine if certain criteria set forth in the Fund's COLA Adjustment Policy is satisfied to provide all or a portion of the collective adjustment

amount and provide any other information required by the Board relating to its annual consideration of the COLA, all prior to the November meeting of the Board. (A copy of the Fund's statutory COLA provision and the COLA Adjustment Policy adopted by the Board is provided with this RFP). Proposer will present the annual COLA analysis and determination information to the Board in person at its November meeting in Austin, Texas.

- f. Assistance for Asset/Liability Study: Proposer will provide assistance and information to AFRRF Investment Consultant, in order to perform an Asset/Liability Study. Proposer will provide information necessary to AFRRF investment consultant to assist with projections of the Fund's asset and liability values, funded status, benefit payments, and liquidity needs.
- g. Special Actuarial Studies: From time to time during the term of the contract, AFRRF may engage Proposer to conduct special studies. Examples include analysis of the impact of a piece of pending state or federal legislation, sensitivity analysis, actuarial cost studies, asset and liability projections, impact of proposed benefit changes, gain/loss analysis, or a study of a particular valuation assumption or benefit provision as requested.
- h. Miscellaneous:
 - Assist implementation of law changes and modification of actuarial tables, as required.
 - Notify AFRRF of changes and proposed changes to laws and practices that impact actuarial issues.
- i. Meetings and Trainings: Attend Trustee meetings and other relevant meetings as required or requested from time to time. Provide relevant training or educational programs for Trustees and staff, as requested from time to time.
- j. Other: Provide other services related to AFRRF's benefit activities as requested.

IV TIMELINE AND SUBMISSION REQUIREMENTS

- a. Inquiries and submission of proposals should be directed to:

Anumeha Kumar, Executive Director
Austin Fire Fighters Relief and
Retirement Fund
4101 Parkstone Heights Drive,
Suite 270
Austin, TX 78746
Phone: (512) 454-9567
akumar@afrrf.org
www.afrrf.org

- b. Written inquiries must be received by 5:00 p.m. CST, September 30, 2022.

- Answers to all questions will be responded to by October 7, 2022.
- c. Notices of Intent to Respond should be sent by October 7, 2022, in order for all potential proposers to receive answers to questions. However, a Notice of Intent is not required for the submission of a proposal but will ensure answers to questions can be provided to a potential proposer.
 - d. The deadline for proposals is **5:00 p.m. CST, October 14, 2022**. All must be both emailed to the Executive Director and submitted in hard copies, seven (7) copies (one unbound) received in the AFRRF office by the deadline.
 - e. Late proposals cannot be accepted. Proposals received will be date stamped and the proposal will receive notice of receipt by AFRRF.
 - f. Qualified proposals will be complete in every respect, answering concisely and clearly all questions proposed by the RFP.
 - g. Invited presenters may be scheduled to present to the Board of Trustees at its regular Board meeting. (Time and date to be determined.)
 - h. Starting date for the contract is anticipated to be January 1, 2023.

V CONSIDERATIONS AND OBLIGATIONS

- a. By submitting a proposal, a proposer acknowledges that AFRRF is subject to the Texas Public Information Act (TPIA) and the Texas Open Meetings Act (TOMA). Written proposals may be subject to disclosure under the TPIA upon request by a third-party, and information in a proposal discussed at an open meeting of the AFRRF Board of Trustees is public record. A proposer may mark information in its proposal as confidential if it reasonably believes such information is confidential under the TPIA, and AFRRF will notify a proposer of any request by a third-party for such confidential information in accordance with the TPIA. The Fund will assume that information not marked as confidential is subject to disclosure. By submitting a proposal, a proposer specifically assumes any and all risks and liabilities associated with the information contained in the proposal and the release of that information.
- b. The contents of the proposal, and any clarification submitted by the successful proposer, shall become part of the contractual obligation and incorporated into the ensuing contract.
- c. The proposal, and any clarification to that proposal, shall be signed by an officer of the offering firm or a designated agent empowered to bind the firm in a contract.

VI MISCELLANEOUS

- a. Assignment of any contract requires the advance written approval of AFRRF. The selected proposer shall not substitute the principal actuary without prior written approval from AFRRF.
- b. All costs should be stated as “not to exceed” amounts. No additional charges for

mailing or shipping costs, installation, training, etc. will be allowed. Proposers should be prepared to enter into a contract using the fee quoted within their proposal.

- c. AFRRF is exempt from all local and state sales taxes and therefore will not be responsible for the payment of any such taxes.
- d. The contract will specify the fee structure for three (3) years with two possible one- year renewals at the Board's discretion. The proposal must include pricing for all five (5) years. The Board will retain the right to cancel the agreement with or without cause with 30 days written notice.

FINAL SELECTION

AFRRF reserves the right to award this contract, not necessarily to the firm with the lowest cost, but to the firm that best meets the requirements and needs of AFRRF. The proposing firms must have experience serving as the primary actuary (i.e., preparing valuation reports, experience studies, etc.) for defined benefit public fund clients. The proposer must clearly demonstrate it can provide the services AFRRF requires.

AFRRF staff will evaluate the submitted responses. Interviews with the proposers may be conducted by staff in determining recommendations to the Board as finalist candidates. Interviews with the finalist candidates will be conducted by the Board of Trustees. Final evaluation and selection of an actuarial firm will be made by the AFRRF Board of Trustees.

The Board at its sole discretion reserves the right to not hire, to defer the hiring or to reject for any reason any and/or all proposals received as a result of this RFP.

I. PROPOSAL PREPARATION INSTRUCTIONS

The firm must respond to the statements made in Mandatory Requirements and must provide a thorough response to each item in the RFP Questionnaire. Failure to adequately respond may be cause for rejection of the firm's proposal prior to scoring.

All costs associated with responding to this RFP will be borne by the proposer.

II. MANDATORY REQUIREMENTS

- a. The questionnaire provided must be answered completely and in the same sequence. Supporting material must be clearly referenced to the appropriate question. Material which is strictly promotional in nature could be attached but must be submitted separately and not as a part of the questionnaire response.
- b. The firm must have actuaries on staff having direct experience, while working at the proposing firm, serving as the primary actuary (including the preparation of valuation reports) to defined benefit public pension fund clients in the range of \$1 billion in assets or larger. A description of the organization's experience must be provided to include a comment on public fund experience.

- c. Unauthorized Communication - No proposer may discuss this RFP or actuarial services with any current or prospective member of the AFRRF Board of Trustees, or with any City of Austin official or employee. Communication is restricted to Anumeha Kumar, AFRRF Executive Director other than the interviews by the Board of finalist candidates.
- d. AFRRF retains the right to require additional information from proposers, and to conduct necessary investigations to determine responsibility of proposers or to determine accuracy of proposal information.
- e. The firm must provide a sample copy of the terms and conditions of the contract it would propose to enter into with AFRRF and indicate whether it will specifically acknowledge in the contract with AFRRF that it has a fiduciary duty of care and loyalty in performing services for AFRRF.

RFP QUESTIONNAIRE

I. COVER SHEET CONTENTS

- a. Firm Name
- b. Address
- c. Phone Number
- d. Fax Number
- e. Client Contact and Contact Title
- f. Date of Submission

II. ORGANIZATION, STAFF QUALIFICATIONS AND RELEVANT EXPERIENCE

- a. Provide a brief history of your firm which includes:
 - i. Year organized
 - ii. Ownership structure
 - iii. Affiliated companies
 - iv. Year actuarial services began
- b. Describe the nature of your organization, including location of offices, staff size, and areas of expertise and/or relevant experience.
 - i. If your firm has multiple locations, which of your offices would service this account? Which specific services would be provided by which offices?
 - ii. How many defined benefit pension plans does your firm have as actuarial clients?
 - iii. List all current defined benefit public pension plan actuarial clients, include size of assets and membership, nature of the services provided, and length of time as your client.
- c. Provide an organization chart of your firm and a list of personnel (including brief resumes) who will be assigned to our account. In addition, list the name and professional qualifications of the principal actuary who will be assigned to the

- AFRRF account, including education, actuarial credentials, total years of experience, and the number of years with the proposing firm.
- d. How many accounts are assigned to the proposed principal AFRRF actuary? How do you determine the number of accounts assigned to each actuary?
 - e. Describe the firm's internal quality control policy and procedures, including any internal ethics policies.
 - f. Have any senior personnel left or joined the firm in the last five years? If so, indicate when and why.
 - g. Indicate whether any litigation or regulatory actions including allegations of ethical violations, have been initiated within the last 10 years against your firm, its officers or partners. If any such actions have been initiated, provide details.
 - h. Describe and provide proof of the levels of coverage for errors and omissions insurance and any other fiduciary or professional liability insurance your firm carries for negligent acts or omissions.
 - i. List the names of all client relationships of a similar nature to this RFP which were terminated within the last three years, the office that serviced it, and the reasons for the termination.
 - j. REFERENCES - Provide a list of at least three defined benefit public fund clients as references, including a contact name, address, telephone number.

III. APPROACH TO ACTUARIAL SERVICES

- a. Provide a narrative description of your understanding of the actuarial services that AFRRF is seeking.
- b. Describe, in detail, your plans to provide the services outlined. Include proposed techniques and methodology for collecting and analyzing data, your approach to projections of salary increases and rate of inflation and assessing the impact of Fund's asset allocation policy and capital market expectations.
- c. Review AFRRF's current actuarial assumptions and methods and provide any general insights and comments you may have regarding those assumptions.
- d. Describe the methodology you use to formulate a fund's actuarial interest rate and/or investment rate of return assumption, and how this methodology may differ from client to client. Under what circumstances would you recommend AFRRF change these assumptions?
- e. What actuarial cost method do you normally use for public fund clients? If different costing methods are used, what criteria are utilized to determine which costing method to use?
- f. Describe your philosophy as it pertains to servicing account relationships. Include the approach to formulating goals and objectives, communications, training, and the decision-making process.
- g. Provide examples of situations where your firm provided assistance, advice, and/or unique solutions to public pension fund clients regarding

funding problems, proposed benefits changes or the assumptions used in actuarial valuations.

- h. Please discuss any changes or proposed changes to recommended actuarial standards of practice that have impacted or, if implemented, would impact AFRRF and your other public pension clients. How have you addressed, or will you address in the future, these changes with your public pension clients?
- i. What can your firm offer to AFRRF that distinguishes you from your competitors?

IV. REPORTING AND FIRM RESOURCES

- a. Provide samples of a recent actuarial valuation and experience study for a defined benefit public pension fund account.
- b. Are newsletters or other reports regularly distributed to clients? If so, provide recent examples?
- c. Describe any training, seminars, or conferences provided to clients on a regularly scheduled basis.
- d. Describe the computer models to be used and a description of the raw data required by your firm to complete the services indicated.
- e. Describe any externally based systems and/or resources used by your firm in the actuarial valuation process.
- f. Discuss other firm resources including personnel that would be available to serve client needs.

V. FEE PROPOSAL

- a. Fees for the services related to the annual actuarial valuation should be quoted on a fixed-fee, all-inclusive basis, including travel, lodging, meals, and other out-of-pocket expenses. Include in the quote expenses for attendance at two (2) Trustee meetings in Austin annually.
- b. Provide a separate fee schedule, if not included in the annual valuation, for the annual review of actuarial assumptions.
- c. Provide a separate fee schedule for the actuarial experience study, including the recommended interval for this study and fees based on the recommended timeframe.
- d. Provide a fee schedule, if not included in the actuarial valuation, applicable to calculation of reporting information in accordance with GASB 67 and 68.
- e. List other services that would be billable to AFRRF in addition those listed above.
- f. Quote billing rates to be charged for each category of personnel.
- g. Describe any other services or special projects you typically perform for public defined benefit pension fund clients, and list the fees charged for these services or projects.