

**Metropolitan Water Reclamation District Retirement Fund
Actuarial Services RFP July 2017
Response to Questions**

The following information is given in response to the various questions received by the Metropolitan Water Reclamation District Retirement Fund (Fund) from prospective proposers:

How long has the current actuary been providing these services? Is the current actuary invited to bid on this RFP?

The Fund's agreement with our current actuary is for a 5 year period of January 1, 2013 to December 31, 2017. Our current actuary is invited to bid on this RFP.

Who was the firm that performed the last actuarial valuation?

Our 2016 Actuarial Valuation was prepared by Foster & Foster Actuaries and Consultants

What are the service concerns and/or limitations of the current actuary?

The Fund does not have any service concerns or limitations with our current actuary.

May we receive a copy of the most recent actuarial report? Can you please provide a copy of the most recent experience study and any projections?

The 2016 Actuarial Valuation and the 2014 Experience Study are posted on the Fund's website and will be available for viewing until the time of selection.

What is the reason for issuing the RFP at this time?

The Trustees believe it is their fiduciary responsibility to consider all firms for consulting services every 5 years.

What is the budget for services being requested in this RFP?

The Fund expects your most competitive quote.

Please provide a summary of the fees charged by the actuary in the last five years, preferably year-by-year and by project (e.g. valuation vs. Experience Study)

Year	Comprehensive Actuarial & Valuation Services*	GASB 67 Reporting	Experience Study	Projections	Misc
2013	\$45,000				\$1,200
2014	\$45,000		\$16,000	\$7,500	\$1,200
2015	\$46,350	\$4,635			
2016	\$47,741	\$4,775		\$6,000	
2017	\$49,173	\$4,918			

*The fee for comprehensive actuarial services and valuation services is combined in the current agreement with our actuary.

What are the current hourly rates?

<i>Staff</i>	<i>Hourly Rate</i>
Senior Actuaries	\$300
Senior Staff	\$250
Junior Staff	\$150
Administrative	\$100

Does the valuation fee include any projections?

The valuation fee does not include any projections.

Does the current actuary have a limitation of liability provision in their contract? If so, what is it?

The current actuary does not have a limitation of liability provision in their contract.

Our standard consulting agreement's terms and conditions include some limitation on liability for mere negligence or from consequential damages.

- **Is the Fund open to accepting mutually-agreeable contract terms, which include some limitation of liability on the work performed by the contracting actuarial firm?**

The Fund is not open to including some limitation of liability in the agreement for mere negligence or from consequential damages by the contracting actuarial firm.

- **Also, are there any statutory requirements regarding limitation of liability of which we should be aware?**

We are not aware of any statutory requirements regarding limitation of liability.

Is there any consulting that your current actuary is not providing that you would find helpful? If so, please elaborate.

We are not aware of any consulting services that our actuary is not currently providing at this time.

Are there any special services included in your current fixed fee?

The selected consultant will be expected to provide various and ongoing consulting services including but not limited to the services listed in the RFP.

Are you open to the proposer including additional services not listed in the rfp that would be beneficial to the Fund?

We are open to proposers including additional services not listed. The decision to include these services in the agreement will be determined by the Board of Trustees.

The scope asks the bidders to make recommendations for enhancing plan documents and design. Is it possible to obtain a copy of the active and retiree open enrollment booklets or any communication that provides a description of the plan along with the cost?

The Metropolitan Water Reclamation District Retirement Fund is a defined benefit retirement plan. Employees whose duties permit 120 days of service during one calendar year are required to participate in the Fund. We do not have an open enrollment. Information regarding the plan description can be found on our website mwrdrf.org.

Could you provide examples of the following items from item I, Comprehensive actuarial services of the RFP:

- **Item F - Prepare timely cost estimates of proposed legislation** – Our current actuary has not been required to prepare a cost estimate in the past 5 year.
- **Item H – Prepare experience studies every 3 – 5 years.** The 2014 Experience Study will be available on the Fund’s website until the time of selection.
- **Item M – Provide actuarial data annually to District for each District bond sale and for District’s annual bond continuing disclosure requirement** – The Metropolitan Water Reclamation District of Greater Chicago (District) requires the actuary to provide an updated report each year-end for inclusion in its annual financial reporting requirements as required by various SEC continuing reporting rules. The report is titled Pension and Other Post Employment Benefits. In addition, this same report plus an actuarial projection of the pension funding requirements for a 30 year period is to be provided every 3 years or sooner if required for District bond sale disclosure. The last projection was provided for the 2015 valuation report.

An example of the report as well as a 10 year funding projection are included in the District’s 2016 bond sale Official Statement Appendix C - Pension and Other Post Employment Benefits. The Official Statement can be found on the District’s website at mwrdrf.org, select Departments/Treasury/Investor Relations/Official Statements to view the 2016 bond sale document.

How many cost estimates of proposed legislation have been performed over the last five years?

Five cost estimates of proposed legislation are typically requested each year.

When is the census and financial data available?

Member data is submitted by the Fund to the actuary by mid-January. Draft financial statements are usually available by the end of the first week of March for use by the actuary for the valuation report.

Sec. 13-503 in part states that “The funding goal is to attain a funded ratio of at least 90% by the year 2050, with the funded ratio being the ratio of the actuarial value of assets to the total actuarial liability.” I didn’t see any calculations in the valuation report that calculates a contribution to achieve a 90% funded ratio by 2050, which is similar to what I have seen and calculated for other Illinois public funds. Is this amount developed as part of the retainer services in a separate document?

Our current actuary has not done the calculation to achieve a 90% funded ratio by 2050 in the past. This is the statutory minimum requirement. The District’s Board of Commissioners approved a Funding Policy to achieve a 100% funded ratio by 2050. This approach will always satisfy the minimum. Therefore we have not requested this information from our current actuary.