

**City of Jonesboro**  
**REQUEST FOR PROPOSAL**  
**INDEPENDENT ACTUARIAL AND FINANCIAL STUDY OF PENSION PLAN**  
**BACKGROUND INFORMATION**

**I. INTRODUCTION**

The City of Jonesboro is seeking a qualified proposal to perform an independent actuarial study as of January 1, 2008, of its Retirement Plan for Employees of City of Jonesboro, Arkansas (the "Plan") administered by Principal Life Insurance Company and an overall evaluation of the plan relative to its investment portfolio and management. A summary of the Plan's provisions is attached as Exhibit "A".

- A. The City of Jonesboro is committed to providing a meaningful retirement benefit for its employees who commit their employment career to service on behalf of the City and the community. To that end, the City has established a defined benefit pension plan to assist employees in providing for their retirement security. Currently the City's pension plan is a defined benefit plan providing a unit benefit of 1.5 percent of its final average monthly compensation times years of accredited service.
- B. Several of the current employees have previously participated in the Arkansas Public Employees Retirement System (APERS). APERS provides a more valuable retirement benefit for long term employees who participate under APERS, however, the cost of participation in APERS (5% of pay employee contribution plus a designated employer contribution of 11.05% of covered compensation for the upcoming year) exceeds significantly the cost of the City's current defined benefit pension plan which is approximately 7.4% of covered compensation.

The assets of the Plan are currently invested in various funds under a defined benefit pension plan managed and administered by the Principle Life Insurance Company ("Principal").

As of January 1, 2007, the total valuation assets in the Plan amounted to \$6,187,027.

There is a Finance Committee that advises the City Council, who makes decisions regarding the Plan.

## II. SCOPE OF SERVICES

- A. Review and comment on the January 1, 2006 and the January 1, 2007 Actuarial Valuations for the Plan.
- B. Review and comment on assumptions and reliability of actuarial valuation received for 2006 and 2007.
- C. Develop cost estimates on adding the following features/benefits to the Plan:
  1. The cost of providing a survivor's benefit equal to the greater of (a) \$150 monthly for life or (b) a monthly benefit for life which can be purchased with the present value of the vested accrued benefit of the deceased participant.
  2. The cost of providing a disability benefit equal to the greater of (a) \$150 monthly for life or (b) a monthly benefit for life which can be purchased with the vested accrued benefit of the disabled participant.
  3. The cost of increasing the benefit formula from 1.5% of final monthly compensation to 2% of final monthly compensation. In addition, the cost of giving retroactive credit for such an increase for 5 prior years.
  4. Changing the final average compensation period to the highest three (3) years in the final 10 years.
  5. The adoption of a deferred retirement option program ("DROP") similar to that available under APERS.
  6. The cost of providing a fully subsidized early retirement after the completion of 28 years of benefit service.

Although some of the benefits may impact the cost of other benefits, it is requested that the actuarial firm provide an estimate of the incremental costs of providing each of the above additional plan features.

### The Actuarial Report at a Minimum Should Reflect the Following:

- Management Summary
- Summary of Participant Data
- Development of the Contribution to designated benefit/design features.
- Actuarial Cost Method and Actuarial Assumptions
- Quick Reference Guide

### III. RESPONSE REQUIREMENTS

- A. Offerors are required to submit fifteen (15) copies of the proposal to:  
Steve Kent, Purchasing Agent  
City of Jonesboro  
515 West Washington  
Box 1845  
Jonesboro, AR 72401-1845
- B. **Your bid submission must be the first document in your presentation.**
- C. The **deadline** for the submission of sealed proposals is **10:00 a.m. on June \_\_, 2008**. Facsimile copies will not be accepted.
- D. The bid proposal package in response to this RFP, as a minimum, must include the following:
1. Firm's name, home office address, address of office providing services under the contract and telephone number.
  2. General description of the firm, primary business (consulting, pension planning, actuarial, insurance), other businesses or services provided, and legal form of organization. Submit only other material that would provide a good description of the firm to the Finance Committee.
  3. Identification of the actuary or actuaries available for the assignment. The actuary shall meet the following minimum requirements:
    - a. Fellow or associate of the Society of Actuaries and/or Fellow of the Conference of Actuaries in Public Practice and/or Member of the American Academy of Actuaries and/or meet standards of a qualified actuary under the provisions of the Employee Retirement Income Security Act of 1974.
    - b. Experience as a supervising actuary including consulting services, experience analysis and valuation assignments for major retirement systems, with specific reference to involvement with public retirement systems.
    - c. Ability to discuss in laymen's terms: actuarial theory; basis for assumptions; and other actuarial matters.
  4. Identification of other personnel who will be performing work under the contract.
  5. Provide summary resumes of supervisory and support personnel who will perform work under this contract.

6. Description of the computer equipment and programs used in this Assignment.
  7. Statement of the availability and location of staff and other resources to perform all services and to provide deliverables within indicated time frames.
  8. Statement as to whether or not the scope of services outlined can be performed using present staff and whether or not any work will be subcontracted.
  9. List of public employee retirement systems which the firm currently provides actuarial or other consulting services, including system name, approximate number of participants and number of years the firm has been retained. Include the address, telephone number, and title of persons responsible for administering this system.
  10. A description of how the firm intends to perform the City's scope of services.
  11. For the past three years, has your organization or any of its affiliates or parent or any officer or principal been involved in any business litigation, regulatory or legal proceeding? If so, provide an explanation indicating the current status. Explain the litigation and proceedings to which candidate had to respond as a trustee and not personally.
  12. Describe any potential conflicts of interest your firm may have in providing these services to the City of Jonesboro.
  13. Discuss other services that your firm provides relative to public employer pension plans, and how you will retain your independence and objectivity in evaluating the City's Pension Plan. Indicate if you, a parent or subsidiary of your firm would be interested in providing any pension plan services, if the City elects to competitively select one or more services in lieu of its current arrangements.
  14. Identify two references for your firm in which you have provided services you consider to be most similar to the scope of services outlined in this RFP. Include name of contact, address, telephone number, type of services and dates services were provided.
  15. If there are other issues or information not covered in this RFP which you consider to be important or which would assist you in better responding to the scope of services, please identify and discuss those.
  16. Submit a lump-sum fee for the assignment. Anticipate no more than one meeting with the Finance Committee as part of the scope of services. Also submit an hourly rate for additional services beyond the scope.
- E. Scope of services must be completed and delivered to the City within 45 days of the execution of the engagement letter, and delivery of all materials necessary for the selected firm to perform the work.

#### IV. EVALUATION PROCESS

- A. The City of Jonesboro will be the contracting entity for these services and will select the successful firm which will receive an engagement letter from the City.
- B. Evaluation of the proposals will generally follow this criteria:
  - 1. Conformity to the RFP.
  - 2. Qualifications of personnel to be assigned to the engagement and successful experience of the firm in providing similar services on behalf of other public employer pension plans.
  - 3. Evidence of the firm's depth of experience and resources to provide the deliverables on a timely basis.
  - 4. Fees which are consistent with the amount of work expected to provide the deliverable.
- C. The Finance Committee will then recommend a single firm for contract award, who it determines offers the best qualified evaluated bid price. A contract award is expected in June. The City reserves the right to waive any and all informalities and to award the contract in the best interest of the City.
- D. Any questions which arise prior to the submission of the proposals may be directed in writing to the Human Resource Director at the aforementioned address. Responses will be in writing and will be shared with all potential offerors who are in receipt of the RFP. **No questions will be considered after June \_\_\_\_, 2008.**
- E. Ex parte telephone contacts, emails, blogs or text messages with members of the Finance Committee or their immediate family members are prohibited during the pre-submittal or evaluation process stages.

