



CITY OF DANBURY
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November 26, 2013

ADDENDUM #2

To

Bid #10-13-14-12 "Comprehensive Actuarial / Pension Services & Pension Internet Technology Platform"

This addendum shall be part of the Purchasing documents for the above captioned Bid. This addendum is to be acknowledged by the bidder by signing as provided below and returning with the bidder's proposal.

SEE ATTACHED: Answers to questions received (19), 3-pages

NOTES: For "Prior Fees Listing & Requested Valuation Reports" - a link (below) has been established on the City of Danbury website – under the Business tab – Bid Information

<http://www.danbury-ct.gov/content/21015/21087/21131/23505/default.aspx>

BID DUE DATE/TIME: Monday, December 9, 2013, 2:00 PM

Receipt of the addendum is hereby acknowledged.

Bidder _____

Signature _____

Title _____

Date _____

Charles J. Volpe, Jr.
Purchasing Agent
City of Danbury

ADDENDUM #1

Bid #10-13-14-12 "Comprehensive Actuarial / Pension Services & Pension Internet Technology Platform"

Questions / Answers

- Q1** Are checks for retirees cut in-house, or do the pension plans use a trust company such as Wells Fargo or Webster Bank for processing distributions?
- A1** Bank of America is the Pension Plan custodian and currently processes the checks for retirees but this will soon be switching to First State Trust Company.
- Q2** What is the valuation schedule for OPEB valuations?
- A2** Every other year.
- Q3** Per the City's 2012 CAFR, it appears that pension valuations are performed every other year; for example, General Employees and the Pre-1967 plans as of 7/1/2011, and the three Post plans as of 7/1/2010. Can you please confirm that this pattern still holds?
- A3** The pattern will continue.
- Q4** And am I correct in presuming that the 2013 valuations have been or will be prepared by the current actuary?
- A4** Yes.
- Q5** The RFP mentions that there are seven (7) pension plans. Per the City's 2012 CAFR, there were six pension plans at 2012 FYE. Has a new defined benefit pension plan been created?
- A5** This is a typo - there are only 6 plans however the General Employees Pension Plan does have sub components i.e. Teamsters, DMEA, Non-Union, and BOE which will need to be summarized separately.
- Q6** You mention integration with your 457(b) program, can you provide more details of what you were interested in?
- A6** The vendor provider should be able to assist our employees with various retirement benefits offered by the City.
- Q7** Can you provide any information on the Retiree Medical Benefits (PRM/OPEB)?
- A7** OPEB currently has \$1.2M set aside as "seed money" to set up a trust. However, the increasing financial demands relating to the Pension ARC has temporarily delayed funding the OPEB ARC for active employees.

- Q8** Are each of the services in the Request for Proposal (RFP) currently being provided to the City? For example, does the City have all of the services in Sections A-2 and A-3 of the RFP (“Web Access,” “Statements” and “Service Center”) or are you looking to add these services?
- A8** The services described in sections A-2 and A-3 are not provided under the current contract but will be required of the selected vendor.
- Q9** What are the current fixed fees for the services, and if possible are the fees split based on pension actuarial work, the OPEB actuarial work and the Pension Administration work?
- A9** Sending prior fees - See Attachment
- Q10** What were the total fees paid for the pension actuarial work, the OPEB actuarial work and the Pension Administration work, for each of the last three years?
- A10** For the services included in Section A-1, the fees for the last three fiscal years of 2013, 2012, 2011 were \$25,773, \$20,675 and \$24,470, respectively.
- Q11** Please provide a copy of the most recent “pension analysis section for the annual municipal budget document” as requested in Section A-1, item 15.
- A11** The pension analysis section is typically summarized in the Mayor’s presentation which illustrates (usually a bar chart) the historical ARC payments while projecting the ARC payments for the next 5-10 years under current and proposed assumptions.
- Q12** Please explain how the investment rate of return was developed. The investment return in the CAFR is listed as 7%, where we normally assume around 3-4% for unfunded GASB valuations.
- A12** The City originally planned to fund the OPEB liability and had set aside \$1,200,000. With pension contributions increasing, we found that we would not be able to start an OPEB trust as soon as we wanted. We will need to review the 7% assumption for future OPEB Valuations.
- Q13** The RFP says that we would need to determine the City’s retiree medical actuarial liability as of June 30 each year. We would like to clarify that this is a bi-annual valuation, and that all of the items we are agreeing to provide are for every other year.
- A13** Valuations are done every two years.
- Q14** Please confirm whether the 30-year projections detailed in Section A-1, item 16.f. are to be completed on a closed group basis, open group basis, or both.
- A14** Both
- Q15** How many administrators and staff require access to the administration system?
- A15** Approximately 4 total administrators/staff will require access.

Q16 Please confirm whether this section includes the Police and Fire employees in addition to the General Employees' Pension Plan.

A16 All employees will be included.

Q17 How many years of historical data are available per participant (on average) for conversion to the new administration system? Please confirm that the historical data is available in electronic format.

A17 At least 5 years will be available in electronic form.

Q18 Please confirm the reporting frequency (and number of data feeds) for member earnings and contributions, e.g. monthly, bi-weekly, etc.

A18 Likely monthly.

Q19 Would the City be agreeable to a contractual limitation on liability?

A19 The City follows recommended standards for such contracts and would not be agreeable to contractual limitations on liability.