

**Teachers' Retirement System
of the State of Illinois**



**REQUEST FOR PROPOSAL FOR
ACTUARIAL AND CONSULTING SERVICES**

Issued November 2, 2015

Responses due by December 2, 2015, 2:00 pm CST

Table of Contents

I. Introduction	3
II. Summary Description of TRS.....	3
III. Services Required.....	4
IV. Proposal Content	6
V. Submission of Proposals	8
VI. Evaluation Process.....	9
VII. Anticipated Timeline*	10
VIII. General Conditions	11
Appendix A: Actuarial Valuation Report.....	13
Appendix B: Actuarial Experience Analysis	14
Appendix C: Statement of Minimum Qualifications.....	15
Appendix D: Reference Authorization Letter	16
Appendix E: Questionnaire.....	17
Appendix F: Fee Proposal.....	20
Appendix G: Sample Agreement.....	21

I. Introduction

The Teachers' Retirement System of the State of Illinois (the System or TRS) is requesting proposals to provide actuarial and consulting services. The objective of this Request for Proposal (RFP) is to solicit competitive proposals from qualified firms in sufficient detail to permit objective evaluation of all proposals which may result in a contract to provide actuarial and consulting services to the Teachers' Retirement System.

TRS is committed to increasing racial, ethnic, and gender diversity in all aspects of its utilization of vendors to provide goods and services to the System, to the greatest extent feasible, and within the bounds of financial and fiduciary prudence. To that end, the System strongly encourages qualified minority, female, disabled, and veteran-owned firms to submit proposals to this RFP.

A proposer's preparation and submittal of a proposal or subsequent participation in presentations or contract negotiations creates no obligation on the System to award a contract or to pay any associated costs. All proposals and related materials will be retained by the System and will be subject to disclosure as required in accordance with the Illinois Freedom of Information Act.

II. Summary Description of TRS

The General Assembly created the Teachers' Retirement System of the State of Illinois (TRS or the System) in 1939. TRS administers a multiple-employer public pension plan to provide its members with retirement, disability, and death benefits. There are over 1,000 TRS-covered employers most of which are school districts. Membership is mandatory for all full-time, part-time, and substitute Illinois public school personnel employed outside the city of Chicago in positions requiring certification by the Illinois State Board of Education. Persons employed at certain state agencies relating to education are also TRS members. The System serves over 400,000 members and had over \$46.4 billion in assets held in trust for its membership as of June 30, 2015.

The retirement system is administered as a qualified plan under the Internal Revenue Code. TRS benefits and investments are governed by Articles 1, 16, and 20 of the Illinois Pension Code, 40 ILCS 5. Funding comes from member contributions, contributions by TRS-covered employers, the state of Illinois, and investment income. The System's most recent Comprehensive Annual Financial Report as well as a variety of other information about TRS is available on the TRS Web site at trs.illinois.gov.

A thirteen-member Board of Trustees (the Board) is responsible for the general administration of the System, including the duties granted to it under Article 16 of the Illinois Pension Code, 40 ILCS 5/16. Under the direction of the Executive Director employed by the Board, the day-to-day administration of the System is delegated to the System's staff.

Using the combined resources of external investment managers, consultants, and internal staff, TRS invests the trust assets in accordance with general fiduciary rules of both state and federal laws and the Investment Policy adopted by the Board.

TRS provides retirement, death and disability benefits to members as governed by the Illinois Pension Code, 40 ILCS 5/16. A retirement benefit for eligible members is determined by a set formula that includes age, final average salary at retirement and total creditable service multiplied by a percentage of the final average salary. TRS administers two “tiers” of benefits. Tier I benefits apply to all members who first made contributions to the System or a state reciprocal system prior to January 1, 2011. The earliest a Tier I member can retire is at age 55 with at least 20 years of service. The final average salary is the average of the four highest consecutive salaries within the last 10 years of service. Tier I members receive an annual 3 percent cost of living adjustment (COLA) calculated from the member’s current retirement annuity.

Tier II benefits apply to all members who first made contributions to the System or a state reciprocal system on or after January 1, 2011. The earliest a Tier II member can retire is age 62 with 10 years of service. The final average salary is the average of the eight highest consecutive salaries within the last 10 years of service. The member’s salary used to determine the final average salary also is capped below the Social Security wage base. Tier II members receive an annual COLA of 3 percent or one-half of the increase in the previous year’s consumer price index, whichever is less. This COLA is calculated from the member’s original retirement annuity.

III. Services Required

The System is seeking a firm to provide actuarial and consulting services to the System. Responding firms must demonstrate experience and expertise in all matters relative to actuarial and consulting services. All responding firms must meet the highest standards of professional competence and ethics.

The supervising actuary assigned to the TRS account must be an “enrolled actuary” as defined in Illinois law, 40 ILCS 5/1A-110(a), and is expected to be the contact person for the System familiar with all work being conducted for the System and available to answer System staff questions about that work.

The actuarial and consulting services to be provided shall include, but are not necessarily limited to, the following:

A. Annual Actuarial Valuation Reports

The Illinois Pension Code, 40 ILCS 5/1A-110, requires the System to include as part of its annual statement a complete actuarial statement applicable to the plan year. To accomplish this task, the System is statutorily required to engage an enrolled actuary responsible for the preparation of the materials comprising the actuarial statement, utilizing such assumptions and methods as are necessary for the contents of the matters reported in the actuarial statement to be reasonably related to the experience of the plan and to reasonable expectations, and to represent in the aggregate the actuary’s best estimate of anticipated experience under the plan. The actuarial statement must include a description of the actuarial assumptions and methods used to determine the actuarial values in the statement, and must disclose the impact of significant changes in the actuarial assumptions and methods, plan provisions, and other pertinent factors on the actuarial position of

the plan. The full statutory provision is accessible on the Illinois General Assembly Website at the following link:

<http://www.ilga.gov/legislation/ilcs/ilcs4.asp?DocName=004000050HArt%2E1A&ActID=638&ChapterID=9&SeqStart=6750000&SeqEnd=8400000>

Annual actuarial valuations are to be performed as of each June 30, beginning with the June 30, 2016 valuation. Under current procedures, the data for annuitants, active and inactive member is provided as of the June 30 valuation date while the active and inactive membership data are as of the preceding June 30. Preliminary information is required in early October and the report must be completed by mid-October in order to meet the November 1 statutory deadline. The major findings of the report will be presented to the Board of Trustees by the supervising actuary. Subject to current law, the actuarial report will:

- Be in a format similar to the June 30, 2015 Preliminary Actuarial Valuation Report (Appendix A).
- Specify statutory funding requirements for the second year subsequent to the fiscal year covered by the actuarial report.
- Contain projections of unfunded liabilities and required employer contributions until the end of the statutory funding period in FY45. Projected accrued liabilities, assets, and funding requirements may also be required to be shown for future years.
- Specify actuarially based statutory funding requirements for the second year subsequent to the actuarial report. The current actuarially-based calculation is described in the 2015 preliminary actuarial valuation report. The Board requires this calculation by resolution because current statutory formulas do not meet the System's funding needs.
- Contain information in compliance with the relevant Governmental Accounting Standards Board (GASB) statements and comply with all applicable provisions of the Illinois Pension Code, including without limitation, 40 ILCS 5/1A-110, 40 ILCS 5/16-158, 40 ILCS 5/16-173, 40 ILCS 5/16-175, and 40 ILCS 5/16-176.

B. Actuarial Experience Analysis

The System will require the actuary to conduct an actuarial experience analysis for the three years ending June 30, 2017. The results of this study will be used to determine any changes in actuarial assumptions to be adopted in the June 30, 2018 valuation. The experience analysis must be completed by August 1, 2018. The System's most recent experience analysis is attached as Appendix B. After the results of the experience analysis are adopted, updated factor tables used in certain benefit and cost calculators will be required.

C. Consulting Services

The actuary will provide a range of consulting services on an as-needed basis, which are expected to include at least the following:

1. Factor tables: After the results of the experience analysis are adopted, the actuary will be required to provide the System with updated factor tables used in certain benefit and cost calculators.
2. Cost estimates for legislation: The actuary will provide estimates of the cost of potential changes in statutory benefit provisions. The actuary must be fully capable of routinely accommodating short response times of a week or less as dictated by external demands of the Illinois legislative process. This work may also necessitate the actuary to make presentations or appear before legislative committees, commissions, or other bodies to explain the estimates or other issues.
3. Advisory services: The actuary may be asked to provide technical advice, consultation, and analyses of proposals and laws affecting the System, and administrative, procedural, technical, or policy questions arising during the course of the System's operations, either by meetings, telephone calls, or written correspondence. Examples include federal tax treatment of compensation and retirement benefits under qualified benefit plans; defined contribution plans; and mandatory Social Security coverage for new public employees. The actuary may also be called upon to prepare special explanatory letters or reports on such topics as needed.
4. State Actuary: The actuary will review and analyze reports and recommendations of the State Actuary concerning the System and interact with the State Actuary as necessary in accordance with Illinois law, 40 ILCS 5/16-158. The actuarial report due November 1 each year is submitted to the State Actuary for review. The final actuarial report is due January 15 of the following year.
5. Governmental Accounting Standards Board (GASB) statements: The actuary will advise the System and compute all disclosure information needed for the System to comply with GASB Statement No. 67, "Financial Reporting for Pension Plans."
6. Report of Allocation: The actuary will provide a report of allocation and a GASB 68 actuarial report to TRS which will assist TRS employers in complying with GASB Statement 68, "Accounting and Financial Reporting for Pensions." The actuary will assist with all subsequent GASB statements issued during the engagement that are relevant to the System.

IV. Proposal Content

At a minimum, the proposal must include the following information to be considered for the engagement. For ease of review, each requirement should be addressed in a separate section preceded by an index tab to identify the subject of the section. The proposal should be formatted on consecutively numbered pages and include a table of contents. Failure to provide information in the prescribed format may result in rejection of the proposal. All responses will be subject to verification for accuracy. **Proposals containing false or misleading information will be rejected.**

A. Cover Letter

A cover letter, which will be considered an integral part of the proposal package, in the form of a standard business letter, must be signed by an individual authorized to bind the proposer contractually. This cover letter must indicate the signer is so authorized, and must indicate the signer's title or position. An unsigned proposal will be rejected. The cover letter must also include:

- a. A statement that the proposal meets all requirements of this RFP, and that the offer tendered by the proposal will remain in full force and effect until, and may be accepted by the Board of Trustees of the Teachers' Retirement System of the State of Illinois, at any time prior to June 30, 2016.
- b. A statement certifying that the proposer either: (a) it is not required to register or (b) it is registered as a business entity with the State Board of Elections pursuant to the Procurement Code, 30 ILCS 500/20-160 and acknowledges a continuing duty to update such registration pursuant to the Procurement Code; and that proposer acknowledges that any Agreement awarded as a result of this RFP is voidable under Section 50-60 of the Procurement Code if the proposer fails to comply with the business entity registration requirements. **30 ILCS 500/20-160; 30 ILCS 500/50-60.**
- c. A statement that the proposal is being made without fraud or collusion; that the proposer has not offered or received any finder's fees, inducements, or any other form of remuneration, monetary or non-monetary, from any individual or entity; and that the proposer has not conferred or promised to confer, on any individual or entity, any payment, loan, advance, services, or any other form of remuneration in connection with the award of this engagement.
- d. A disclosure of any current business relationship or any current negotiations for prospective business with TRS, or with any member of the Board of Trustees or TRS staff, or any party currently rendering services to TRS.
- e. A statement that the proposer is willing to enter into an agreement in the form attached to the RFP as Appendix G including all certifications and representations contained therein, and that the proposer acknowledges and understands that certain provisions in the sample agreement required by Illinois state law to be included in contracts with agencies of the State of Illinois are not subject to negotiation.
- f. A statement that the proposer acknowledges that all documents submitted in response to this RFP may be subject to disclosure under the Illinois Freedom of Information Act and/or the Illinois Open Meetings Act.
- g. An attestation by the signer that the information provided in the Proposal is true and accurate, and that the signer is aware that pursuant to the Illinois Pension Code, 40 ILCS 5/1-135, any person who knowingly makes any false statement or falsifies or permits to be falsified any record of a retirement system or pension fund created under this Code (i.e.,

the System) in an attempt to defraud the retirement system or pension fund is guilty of a Class 3 felony.

B. Statement of Minimum Qualifications

Proposers must complete and return the Minimum Qualifications Certification in the form contained in Appendix C.

C. Questionnaire

The questionnaire contained in Appendix E to this RFP must be completed and returned as part of the proposal.

D. Fee Proposal

Proposers must submit their fee in the format prescribed in Appendix F. Any deviation from the prescribed format which in the opinion of TRS is material may result in the rejection of the proposal. The proposed fee shall include all costs and expenses for providing the services to TRS as described in this RFP. Once finalists are selected, fees may be subject to a “best and final” offer process to be determined at the discretion of the System. The fee proposal must expressly state that the proposed fees are guaranteed for the term of any resulting contract.

E. Contract

This Request for Proposal is neither a contract nor meant to serve as a contract.

It is anticipated that one or more of the proposals submitted in response to this Request for Proposal may be selected as the basis for negotiation of a contract with the proposer. Such a contract is presently contemplated to contain, at a minimum, the terms and conditions set forth in the sample agreement included as Appendix G, but will also incorporate the terms of the proposal submitted, as finally negotiated and approved by the System. TRS reserves the right to negotiate additions, deletions, or modifications to the sample agreement and/or the terms of proposals submitted.

Certain provisions in the sample agreement are required by Illinois state law and are therefore not subject to negotiation. **Thus it is critically important that firms submitting proposals state their willingness to execute the System’s agreement in their written proposal.** A proposer that waits until contract negotiation to object to TRS contract terms will be precluded from further consideration.

V. Submission of Proposals

All proposals must be received at the address designated below **no later than 2:00 P.M. CST on December 2, 2015**. Submit five hard copies of your proposal and one copy on CD-ROM in a sealed package to:

Alice Kern, Administrative Services Manager
Teachers' Retirement System of the State of Illinois
P.O. Box 19253
2815 West Washington Street
Springfield, IL 62794-9253

One of the hard copies must be marked as the "Master Copy" and submitted in a loose-leaf, three-ringed binder which displays the proposer's name on the outside front cover. **Do not submit the Master Copy with spiral binding.**

Clearly identify the outside of the sealed proposal package with the proposer's name and return address in the upper left hand corner and the statement "**SEALED PROPOSAL- DO NOT OPEN** - Response to Request for Proposals for Actuarial and Consulting Services, Issued November 2, 2015. Failure to clearly identify the outside of the proposal package may result in the rejection of the proposal. TRS is not responsible for receipt of any proposal which is improperly labeled.

TRS accepts no responsibility for lost and/or late delivery of proposals. Whether mailed, hand-delivered, or delivered by carrier, the proposer is responsible for timely delivery on or before the above date and time. **Proposals that arrive late for any reason whatsoever, including mail delay or any other cause beyond the control of the proposer, will not be considered and will be returned unopened.**

Except as specifically requested by TRS, submission of proposals or any portion thereof via facsimile transmission, electronic, or magnetic media will not be allowed.

The proposals become the property of TRS upon submission. All costs for developing proposals and attending presentations and/or interviews are entirely the responsibility of the proposer and shall not be chargeable to TRS.

Only one proposal from an individual, firm, partnership, corporation, or combination thereof, will be considered for this assignment.

VI. Evaluation Process

A. Pre-Evaluation Review

Each proposal package will be date-stamped when received. Each proposal package will be inspected to ascertain that it is properly sealed and labeled. Proposals not passing this inspection may not be accepted. All proposals will be reviewed to determine if they contain all the required submittals specified in this RFP. Those not submitting all required information in the prescribed format will be rejected.

B. Proposal Evaluation

Proposals that pass the pre-evaluation review will undergo an evaluation process conducted by TRS staff. TRS will consider the following various elements in the decision process, ranked in no specific order, and will render a decision based on the perceived best value for the engagement.

Fees will be one of the determining factors in this decision but will not be the primary determinative. Proposals will be evaluated based on criteria including:

- Understanding of the services requested
- Soundness of the approach and quality of the proposed services
- Firm qualifications including established record of success in similar work
- Individual qualifications of the assigned staff
- Proposed deliverables
- Cost

During the evaluation process, proposers may be requested to provide additional information and/or clarify contents of their proposal. Other than information requested by TRS, no proposer will be allowed to alter the proposal or add new information after the filing date.

Finalists may be scheduled for one or more oral presentations or interviews with TRS staff. Not all proposers may be asked to participate. Finalist interviews will be approximately 1 hour and may be scheduled at the TRS office or on-site at the finalist's office or designated alternate location at the discretion of TRS. Further, finalists may be asked to present their credentials and program specifics to the Board of Trustees at a public meeting. No expenses or costs associated with interviews or Board presentations will be paid or reimbursed by TRS. TRS will require contract and fee negotiations to be completed prior to any presentation or interview. Once finalists are selected, fees may be subject to a "best and final" offer process to be determined at the discretion of the System.

VII. Anticipated Timeline*

Date RFP Issued	November 2, 2015
Deadline for Submitting RFP Response	December 2, 2015
Proposal Evaluation	December 2015/January 2016
Finalist Interviews & Presentations	January/February 2016
Consultant Selected	February 2016
Contract Start Date	March 1/July 1, 2016

**Subject to change at TRS discretion*

VIII. General Conditions

A. Clarification of the RFP

To maintain the integrity of the RFP process, interested proposers are expected to respond to this RFP to the best of their understanding **without asking questions or requesting clarification**. If a proposer discovers an error in this RFP, the proposer should immediately notify TRS of such error in writing to Alice Kern at the following email address: akern@trs.illinois.gov. If deemed necessary or appropriate in the System's discretion, TRS may clarify or modify any part of this RFP by posting notice on the TRS Web site prior to the proposal deadline.

B. Restrictions on Communication

Proposers must not discuss or share the contents of their proposals with other potential proposers. TRS policy and the Illinois state ethics law strictly limit communication during the search process. **Any attempt to initiate contact with TRS staff or TRS Trustees, other than as specifically stated in this RFP, may disqualify the proposer from further consideration. Attempts to initiate contact through third parties may also be grounds for disqualification.**

C. Prior Deficiencies

A proposer that is or has been deficient in current or recent contract performance in dealing with TRS or other clients may be disqualified unless the deficiency is shown to have been beyond the reasonable control of the proposer. TRS may reject a proposal from any proposer that is in default on any debt owed to, or contract with, TRS or other clients, or that is in default as surety or otherwise, upon any obligation to TRS, or has failed to perform faithfully any previous contract with TRS. Proposers that are newly formed business concerns having substantially the same owners, officers, directors, or beneficiaries as a previously existing non-responsible proposer may be disqualified unless the new organization can prove it was not set up for the purpose of avoiding an earlier declaration of non-responsibility.

D. Reservation of Rights

TRS reserves the right to withdraw this RFP, to accept or reject any or all proposals submitted, and to waive any immaterial deviation, defect, or irregularity, whenever it would be in the best interest of TRS to do so. Waiver of an immaterial deviation shall in no way modify the Request for Proposal or excuse a proposer from full compliance with all RFP requirements.

Proposals that contain false or misleading statements or that provide references which do not support an attribute or condition claimed by the proposer will be rejected. Issuance of the Request for Proposal creates no obligation to award a contract or to pay any costs incurred in the preparation of a proposal. Nothing in this RFP or any resulting contract shall preclude TRS from procuring services similar to those described herein from other sources.

E. No Confidentiality

Proposals and all materials submitted in response to this RFP cannot be considered confidential. All proposals and related materials will be retained by TRS and will be subject to disclosure as required in accordance with the Illinois Freedom of Information Act, 5 ILCS 140, and the Illinois Open Meetings Act, 5 ILCS 120.

F. Equal Opportunity

TRS does not discriminate because of race, color, religion, creed, sex, sexual orientation, age, marital status, military status, certain unfavorable discharges from military service, political affiliation, citizenship, ancestry, national origin, physical or mental handicap or disability or any other characteristic protected by law. It is the System's intent to comply with all state, federal, and local equal employment and opportunity laws and public policies.

G. Reference Checks

Reference checks may be conducted for each finalist. Please provide reference authorization letter in the format prescribed in Appendix D.

Appendix A: Actuarial Valuation Report

The most recent actuarial valuation report is accessible on the Teachers' Retirement System Website at the following link:

<http://trs.illinois.gov/pubs/actuarial/2015PrelimValuation.pdf>

Appendix B: Actuarial Experience Analysis

The most recent actuarial experience analysis is accessible on the Teachers' Retirement System Website at the following link:

<http://trs.illinois.gov/pubs/actuarial/2015EconomicExperienceReport.pdf>

Appendix C: Statement of Minimum Qualifications

(Firm Name) _____ certifies that it meets the following minimum qualifications.

Please initial each as applicable.

1. _____ The firm has a minimum of ten years' experience providing actuarial and consulting services to large public retirement system clients of a similar size as TRS.

2. _____ The primary/supervising actuary to be assigned to the TRS account has a minimum of five years' experience providing actuarial and consulting services to large public retirement system clients including determining pension benefit obligations and contribution rates and analyzing and reporting on selected experiences of such systems.

3. _____ The primary/supervising actuary to be assigned to the TRS account is an "enrolled actuary" as defined in the Illinois Pension Code, 40 ILCS 5/1A-110(a).

Signed: _____ Date: _____

Title: _____

Appendix D: Reference Authorization Letter

[On prospective firm letterhead]

[Month, Day, Year]

[Reference Name]

[Reference Title]

[Company Name]

[Reference Address]

[City, State, Zip]

Dear [Reference Name]:

(Prospective Firm Name) has submitted a proposal to the Teachers' Retirement System of the State of Illinois ("System") with regard to providing actuarial and consulting services. The System is conducting its due diligence with regard to *(Prospective Firm Name)*. Through this written authorization, *(Prospective Firm Name)* hereby authorizes any individual, business, corporation, retirement system, state agency, or other entity to release any facts and information it may have concerning *(Prospective Firm Name)*, its principals, employees and agents, to the System.

A copy of this authorization may be used as if it were an original. Thank you for your assistance.

Sincerely,

(Prospective Firm Name)

(Authorized Signature and Title)

cc: Richard W. Ingram, Executive Director, TRS

Appendix E: Questionnaire

The following actuarial and consulting services questionnaire must be completed and included with your response to this RFP. Type your responses in the same order as the questionnaire, listing the question first followed by your answer.

A. Contact and Company Information

Name of Firm: _____
Mailing Address: _____
City: _____ State: _____ Zip Code: _____
Phone: _____ Fax: _____
Website: _____

Federal Employer Identification Number: _____

Contact Person(s):
Name: _____ Phone: _____
Title: _____ Fax: _____
Email: _____

B. Firm Background

1. Briefly summarize the history of your firm. Identify the initial year your firm provided actuarial and consulting services to public sector retirement systems. Within the last five years, have there been any significant developments in your organization, such as changes in ownership, restructuring, or personnel reorganizations? If so, describe.
2. Provide a current functional organizational chart of your firm depicting the actuarial and consulting unit (Identify as **Exhibit #1**).
3. Provide biographies of the key individuals who would be assigned to the TRS account (Identify as **Exhibit #2**), highlighting their public sector experience and the number of years they have been with your firm.
4. Under Illinois law, the supervising actuary to be assigned to the TRS account must be an “enrolled actuary” as defined in the Illinois Pension Code, 40 ILCS 5/1A-110(a). This law sets forth various standards for actuarial statements for pension funds and retirement systems including TRS. Explain the supervising actuary’s experience, if any, with large public pension systems in determining pension benefit obligations and contribution rates, analyzing and reporting on selected experiences of such systems, testifying before legislative and other bodies in support of legislation and the ability to present actuarial information in laymen’s terms.

C. Client Service

1. Briefly describe your firm's internal quality assurance procedures for ensuring accuracy of work performed for the System. What steps do you take when the client requests changes to your work product?
2. In general terms, how did you assist clients with implementation of GASB 67 and 68 statements? If you have presentations, articles, or memos already prepared on this topic, they may be included as part of your proposal.
3. The actuary must be fully capable of routinely accommodating short response times of a week or less as dictated by external demands of the Illinois legislative process. Describe what methods you employ to ensure that you are able to provide consulting work product to your clients in short response time frames. For instance, would you assign additional staff to complete the task, or temporarily relieve staff assigned to the TRS account from other duties? Please explain in detail.
4. Describe any process you have devised for providing more limited actuarial analyses more quickly in response to legislative inquiries.
5. The System is a public body as defined in the Illinois Freedom of Information Act, 5 ILCS 140, and may receive public record requests for actuarial tables, data, research, and other work product prepared by the actuary. Do you consider your work product to be proprietary? Please explain.

D. Client Relationships

1. Provide a list of your firm's current large public retirement system clients served by the personnel who would provide services to the System. Please include:

Name of retirement system
Number of years the system has been a client
Number of active members and all benefit recipients
Net Assets at Market Value (latest available)
System contact person: name, telephone number, and mailing and email addresses
Specific services provided
2. Provide a list of any major public retirement systems which have terminated their relationships with your firm in the last five years.
3. Please identify three large public sector clients as references for whom your firm has provided actuarial services whom we may contact (Identify as **Exhibit #3**).
4. Please describe the firm's experience in designing actuarial programs for use by its clients. Examples of products that can be used by staff to respond to legislative proposals are of particular interest.

5. Explain how your firm handles instances when multiple clients require your attention at the same time. How many senior staff/enrolled actuaries are assigned to the team? Do all team members work on the same client teams?
6. Explain how significant of a client the System would be relative to your other public pension fund clients and relative to all of the clients serviced by your firm.
7. What ancillary services do you provide to your actuarial service clients, and how may they be of benefit to the System? For instance, do you provide public pension tax consulting, and if so, in what regard? Please explain.
8. Some legal experts have opined that limiting liability relative to the provision of professional services to a government body is against public policy. Do you require your public sector clients to agree to a contractual limit of liability with respect to your actuarial services? If so, what is that limit, how is it determined, and how does it apply? Please provide a detailed answer.

E. Software Tools and Databases

1. Please describe the software tools and databases that you use to prepare analysis and valuations. What is your budget to develop and maintain these tools? Are they developed in house or by a third party? What do you see as the advantages to your approach?
2. Please describe the client interface and how TRS Staff will interact with the solution including viewing/importing/exporting data as needed.
3. Please describe system infrastructure and requirements. Will the solution be hosted at TRS or by the solution provider? If hosted at TRS, please describe hardware/software requirements including client, operating system, database, programming language, web, server hardware, etc. If hosted by the solution provider, please describe provider environment, TRS access requirements, maintenance schedules, backup/recovery, disaster recovery, overall security model and risk management to ensure integrity of applications and data.

Appendix F: Fee Proposal

1. Please provide flat fee estimates for the following services. When submitting your fee proposal, please assume that your firm will not be reimbursed for normal business expenses or out-of-pocket expenses attributable to performance of services for the engagement.
 - a. Actuarial valuation as of June 30, 2016, 2017, and 2018: \$ _____
 - b. Actuarial experience analysis for the three years ended June 30, 2017 due August 1, 2018: \$ _____

(Fee quote for experience analysis should not include the cost of the factor updates.)
2. Provide hourly billing rates for all consulting work that may be requested (e.g., factor table updates, cost estimates for legislation and advisory services), including names, current job titles, and specific hourly rates for the individuals assigned to TRS for the engagement. Do not use broad salary ranges for several classifications of employees. Billing rates must be guaranteed for the term of the engagement.

Appendix G: Sample Agreement

THIS [SAMPLE] AGREEMENT FOR ACTUARIAL AND CONSULTING SERVICES (this "Agreement") is made and entered into this ____ day of _____, 201__, by and between the Teachers' Retirement System of the State of Illinois ("TRS" or the "System"), a retirement system established under and pursuant to the laws of the State of Illinois, and * ("Contractor").

WHEREAS, the System has need to obtain the professional services specified in this Agreement; and

WHEREAS, the TRS Board of Trustees resolved on _____, 201__ to engage Contractor to perform the professional services specified in this Agreement; and

WHEREAS, Contractor is qualified to and has agreed to provide such professional services; and

NOW THEREFORE, Contractor agrees to provide the following professional services to the System as more fully detailed below:

1. **Services to be provided:** In accordance with the terms of this Agreement and any attachments hereto, the Request for Proposal for Actuarial and Consulting Services issued November 2, 2015 (the "RFP"), and Contractor's response to the RFP (the "RFP Response"), Contractor shall provide actuarial and consulting services as more fully described below. The services to be provided shall include, but are not limited to the following:

[AS DESCRIBED IN RFP]

2. **Compensation:**

- a) Payment to Contractor for the professional services hereunder shall be in accordance with the following schedule: [AS AGREED]
- b) Such fee shall include all normal business expenses, including all overhead expenses associated with Contractor's business, such as clerical time and overtime, computer usage, telephone calls, tele-facsimiles, photocopying, and mailing and express delivery expenses.
- c) All out-of-pocket expenses attributable to performance of services under this Agreement and attendance of Contractor's personnel when required at the System's Springfield offices, including without limitation, transportation, lodging, and meals during the period of travel, shall be at Contractor's own expense, and the System shall have no obligation to reimburse Contractor for any such out-of-pocket expenses.
- d) Unless otherwise agreed upon and stated herein, this Agreement does not allow for reimbursement of any expenses incurred by Contractor, including but not limited to telephone, facsimile, Internet, or other communications device, computer, postage,

delivery, copying, travel, transportation, lodging, food and per diem, clerical time, and overtime.

3. **Billing:** Contractor shall submit monthly invoices for services to the System's Director of Research.
 - a) Services shall be itemized, with a separate itemized total for each particular matter or category of matters being handled, listing the services performed by professional, by date, and where hourly billing applies, by hours (or 10th hour fractions thereof) worked.
 - b) By submitting an invoice, Contractor certified that the professional services provided meet all requirements of the Agreement, that the amount billed is as allowed in the agreement, and that any expenses billed are reimbursable under this Agreement.
 - c) Invoices shall be signed by Contractor and shall set out Contractor's social security number or FEIN.
 - d) Invoices submitted by Contractor for professional services performed prior to July 1 must be presented to the System no later than July 15 of that year in order to ensure payment under this Agreement. Failure by Contractor to seek payment of invoices prior to July 15 may require Contractor to seek payment in the Illinois Court of Claims.
 - e) Contractor shall not bill for any taxes unless accompanied by proof that TRS is subject to the tax. If necessary, Contractor may request the applicable Illinois tax exemption number and federal tax exemption information.
4. **Payment:** Payments will be paid in accordance with the Prompt Payment Act, 30 ILCS 540. Payment will be made in the amount earned to date of invoice, less previous partial payments. Final payment may be adjusted by the System if such adjustment is supported by a System audit. All recordkeeping shall be in accordance with sound accounting standards. TRS shall not be liable to pay for supplies or equipment provided or services rendered, including related expenses, incurred prior to the execution of this Agreement by all parties and the beginning of the term of this Agreement.
5. **Term of the Agreement:** The term of this Agreement shall begin _____, 2016 and end June 30, 2019, unless earlier terminated in accordance with this Agreement. This Agreement may be extended at the System's option for additional periods upon execution of an amendment providing for such extension.
6. **Amendment and Changes:** This Agreement may be amended in writing from time to time by mutual consent of the parties. All amendments to this Agreement must be in writing and fully executed by the parties.
7. **Applicable Law:** This Agreement shall be construed in accordance with, and is subject to the laws and rules of the State of Illinois. Any claim against the System arising out of this Agreement must be filed exclusively with the Illinois Court of Claims, 705 ILCS 505/1. The System shall not enter into binding arbitration to resolve any contract dispute.

8. **Bankruptcy:** Contractor shall promptly notify the System if Contractor becomes insolvent, files a petition in bankruptcy, becomes a party to an involuntary bankruptcy proceeding, or makes an assignment for the benefit of creditors. In such an event, the System may immediately cancel all or any portion of this Agreement upon written notice.
9. **Compliance with Law:** Contractor, its employees, agents, and subcontractors shall comply with all applicable federal, state, and local laws, rules, ordinances, regulations, orders, federal circulars, and all license and permit requirements in the performance of this Agreement. Contractor shall, at all times during the term of this Agreement, maintain compliance with all applicable tax requirements and be current in payment of such taxes. Contractor acknowledges that the services provided by Contractor are necessary for the System to comply with Illinois law, including without limitation, 40 ILCS 5/1A-110, and agrees to timely perform its services in the manner required for the System to comply with applicable law.
10. **Confidential Data and Information:** Contractor, including its personnel, agents, and subcontractors, may have access to, collect, or receive confidential data, member records, or other information owned or maintained by the System in the course of carrying out its responsibilities under this Agreement. The System hereby designates all information received or accessed pursuant to this Agreement as confidential unless otherwise designated in writing by the System. Contractor shall not unnecessarily communicate such data or information within Contractor's operations. No such data or information shall be used for competitive purposes nor disclosed or disseminated except as authorized by law and with the written consent of the System, either during the period of this Agreement or thereafter. Contractor must return all such data and information, in whatever form it is maintained, promptly at the end of the Agreement or earlier at the request of the System, or shall notify the System in writing of its destruction. The foregoing obligations do not apply to confidential data or information lawfully in the receiving party's possession prior to acquisition under this Agreement, received in good faith from a third party not subject to any confidentiality obligation, that is or becomes publicly known through no breach of confidentiality obligation, or that is independently developed by the receiving party without the use or benefit of the System's data or information.
11. **Conflicting Engagements:** During the term of this Agreement, Contractor will not accept or perform an engagement involving the State of Illinois as it relates to the System, the System's members, annuitants, or beneficiaries, or any organization of such members, annuitants, and beneficiaries other than the System without the prior written consent of the System.
12. **Consultation:** Contractor shall consult with and keep the System fully informed as to the progress of delivery professional services and all matters under this Agreement. Contractor shall promptly furnish the System with copies of all correspondence and documents in connection its performance under this Agreement.
13. **Certifications and Conflicts:** Contractor certifies that it is not legally prohibited from contracting with TRS or the State of Illinois, has no known conflicts of interest, and further specifically certifies as follows:

- a) **Educational Loan:** Contractor, in accordance with the Educational Loan Default Act, is not in default on an educational loan. **5 ILCS 385.**
- b) **Ethics:** Contractor acknowledge that employees and trustees of TRS are subject to the State Officials and Employees Ethics Act, that TRS has adopted a gift ban more restrictive than required by state law, and agrees to refrain from bestowing or offering gifts of any monetary or non-monetary value to TRS employees or trustees. **5 ILCS 430.**
- c) **Bribery:** Contractor has not been convicted of bribing or attempting to bribe an officer or employee of the State of Illinois or any other state, nor made an admission of guilt of such conduct that is a matter of record. TRS shall declare this Agreement void if this certification is false. **30 ILCS 500/50-5.**
- d) **Felony:** If Contractor has been convicted of a felony, at least five years has passed after the date of completion of the sentence for that felony, unless no person held responsible by a prosecutorial office for the facts upon which the conviction was based continues to have any involvement with the business. TRS shall declare this Agreement void if this certification is false. **30 ILCS 500/50-10.**
- e) **Sarbanes-Oxley:** If Contractor has been convicted of a felony under the Sarbanes-Oxley Act of 2002, or a Class 3 or Class 2 felony under the Illinois Securities Law of 1953, 815 ILCS 5, at least five years has passed from the date of conviction. Contractor is not barred from being awarded a contract under 30 ILCS 500/50-10.5, and acknowledges that TRS shall declare this Agreement void if this certification is false. **30 ILCS 500/50-10.5.**
- f) **Debt Delinquency:** Contractor and its affiliates are not delinquent in the payment of any debt to the State, or if delinquent, have entered into a deferred payment plan to pay off the debt. Contractor further certifies that it is not barred from being awarded a contract under 30 ILCS 500/50-11, and acknowledges that TRS may declare this Agreement void if this certification is false, or if Contractor later becomes delinquent and has not entered into a deferred payment plan to pay off the debt. **30 ILCS 500/50-11; 30 ILCS ILCS 500/50-60.**
- g) **Illinois Use Tax:** Contractor is not barred from being awarded a contract under 30 ILCS 500/50-12, and acknowledges that TRS may declare this Agreement void if this certification is false. Contractor shall collect and remit Illinois Use Tax on all sales of tangible personal property into the State of Illinois in accordance with the provisions of the Illinois Use Tax Act, and acknowledges that failure to comply can result in this Agreement being declared void. **30 ILCS 500/50-12.**
- h) **Environmental Protection:** Contractor has not committed a willful or knowing violation of the Environmental Protection Act (EPA) relating to civil penalties within the last five years, and is therefore not barred from being awarded a contract. If this certification is later determined to be false, Contractor acknowledges that the System may declare this Agreement void. **30 ILCS 500/50-14.**

- i) **Lead Poisoning:** Contractor is not in violation of the Illinois Procurement Code provision prohibiting owners of residential buildings who have committed a willful or knowing violation of the Lead Poisoning Prevention Act from doing business with the State until the violation is mitigated. **30 ILCS 500/50-14(c), 410 ILCS 45.**
- j) **Conflict of Interest:** Contractor does not have any public or private interest, direct or indirect, and shall not acquire directly or indirectly any such interest which does or may conflict in any manner with Contractor's obligations under this Agreement. Contractor has disclosed, and agrees it is under a continuing obligation to disclose to TRS, financial or other interests, public or private, direct or indirect, that may be a potential conflict of interest or which would prohibit Contractor from entering into or continuing to perform under this Agreement. Contractor further certifies that, in the performance of this Agreement, no person having any such interest shall be employed by Contractor. If any elected or appointed State officer or employee, or spouse or minor child of same has any ownership or financial interest in Contractor or this Agreement, Contractor certifies that it has disclosed that information to TRS, and any waiver of the conflict has been issued in accordance with applicable law and rule. Membership in the Teachers' Retirement System of the State of Illinois does not constitute a conflict of interest within the meaning of this paragraph. **30 ILCS 500/50-13, 30 ILCS 500/50-15, 30 ILCS 500/50-35.**
- k) **Inducement:** Contractor has not offered or paid any money or valuable thing to induce any person not to bid for a State contract, and has not accepted any money or valuable thing, or acted upon the promise of same, for not bidding on a State contract. **30 ILCS 500/50-25.**
- l) **Non-Solicitation:** Contractor has not employed or retained any company or person, other than a bona fide employee working solely for Contractor, to solicit or secure this Agreement, and has not paid or agreed to pay any company or person, other than a bona fide employee working solely for Contractor, any fee, commission, percentage, brokerage fee, gifts, or any other consideration contingent upon or resulting from the award of making of this Agreement.
- m) **Revolving Door:** Contractor is not in violation of the "revolving door prohibition" on procurement activity relating to a State agency. **30 ILCS 500/50-30.**
- n) **Anticompetitive Practices:** Contractor will report to the Illinois Attorney General and the Chief Procurement Officer any suspected collusion or other anticompetitive practice among any bidders, offerors, contractors, proposers, or employees of the State. **30 ILCS 500/50-40, 30 ILCS 500/50-45, 30 ILCS 500/50-50.**
- o) **Business Entity Registration:** Contractor certifies either: (a) it is not required to register or (b) it is registered as a business entity with the State Board of Elections pursuant to the Procurement Code, 30 ILCS 500/20-160 and acknowledges a continuing duty to update such registration pursuant to the Procurement Code. Contractor acknowledges that this Agreement is voidable under Section 50-60 of the Procurement Code if Contractor fails to comply with the business entity registration requirements. **30 ILCS 500/20-160; 30 ILCS 500/50-60.**

- p) **ERI:** Contractor has informed the System in writing if Contractor was formerly employed by the System and received an early retirement incentive prior to 1993 under 40 ILCS 5/14-108.3 or 16-133.3 of the Illinois Pension Code, and acknowledges that contracts made without the appropriate filing with the Auditor General are not payable from the “contractual services” or other appropriation line items. Contractor has not received an early retirement incentive in or after 2002 under 40 ILCS 5/14-108.3 or 40 ILCS 5/16-133.3 of the Illinois Pension Code, and acknowledges that contracts in violation of Section 15a of the State Finance Act are not payable from the “contractual services” or other appropriation line items. **30 ILCS 105/15a.**
- q) **Drug Free Workplace:** Contractor will provide a drug free workplace and will not engage in the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance during the performance of this Agreement. This certification applies to contracts of \$5,000 or more with individuals, and to entities with 25 or more employees. **30 ILCS 580.**
- r) **International Boycott:** Neither Contractor, nor any substantially owned affiliate, is or shall participate in an international boycott in violation of the U.S. Export Administration Act of 1979 or applicable regulations of the U.S. Department of Commerce. This certification applies to contracts that exceed \$10,000. **30 ILCS 582.**
- s) **Forced Labor:** In accordance with the State Prohibition of Goods from Forced Labor Act, no foreign-made equipment, materials, or supplies furnished under this Agreement have been or will be produced in whole or in part by forced labor, convict labor, or indentured labor under penal sanction. **30 ILCS 583.**
- t) **Child Labor:** In accordance with the State Prohibition of Goods from Child Labor Act, no foreign-made equipment, materials, or supplies furnished under this Agreement have been or will be produced in whole or part by the labor of any child under the age of 12. **30 ILCS 584.**
- u) **Bid Rigging/Rotating:** Contractor has not been convicted of bid rigging or bid rotating or any similar offense of any state or of the United States. **720 ILCS 5/33E-3, E-4.**
- v) **Nondiscrimination/Equal Employment Opportunity:** Contractor will comply with applicable provisions of the State and Federal constitutions, laws, and regulations pertaining to unlawful discrimination, harassment, and equal employment opportunity, including but not limited to the U.S. Civil Rights Act, Section 504 of the Federal Rehabilitation Act, the Americans with Disabilities Act, the Public Works Employment Discrimination Act, and the Illinois Human Rights Act. **42 USC 12101 et seq., 775 ILCS 5, 775 ILCS 10.**
- w) **Discriminatory Club:** Contractor does not pay dues or fees, or subsidize or otherwise reimburse its employees or agents for any dues or fees to any discriminatory club. **775 ILCS 25.**
- x) **Affiliates:** Contractor shall disclose the names and addresses of (i) itself; (ii) any entity that is a parent of, or owns a controlling interest in Contractor; (iii) any entity that is a

subsidiary of, or in which a controlling interest is owned by, Contractor; (iv) any persons who have an ownership or distributive income share in Contractor that is in excess of 7.5%; or (v) who serves as an executive officer of Contractor. **40 ILCS 5/1-113.14(c)(5).**

14. **Entire Agreement:** This Agreement, together with any exhibits or attachments hereto, constitutes the entire agreement between the parties concerning the subject matter of this Agreement, and supersedes all prior proposals and contracts between the parties concerning the subject matter of this Agreement. Any provision of this Agreement officially declared void, unenforceable, or against public policy, shall be ignored and the remaining provisions shall be interpreted, as far as possible, to give effect to the parties' intent. All provisions that by their nature would be expected to survive, shall survive termination. In the event of a conflict between the System's and Contractor's terms, conditions, and attachments, the System's terms, conditions, and attachments shall prevail.
15. **Execution of Originals:** This Agreement may be executed in two or more counterparts, any one of which shall be an original without reference to the others.
16. **FEIN Certification:** Contractor certifies that the information listed below is correct.

Contractor's legal name of business: _____

Taxpayer Identification Number: _____

Tax classification:

- S = S Corporation
- C = Corporation
- P = Partnership
- Individual/Sole Proprietor
- Limited Liability Company

17. **Immunities:** Contractor acknowledges that the System is an Illinois governmental entity and, in connection therewith, the System reserves all immunities, defenses, and rights or actions arising out of its status as an Illinois governmental entity, and no waiver of such immunities defenses, rights or actions shall be implied or otherwise deemed to exist by entering into this Agreement, by any express or implied provision thereof or by any actions or omissions to act on behalf of the System or any of its representatives, whether taken pursuant to this Agreement or prior to the Agreement.
18. **Inability to Perform:** Contractor agrees that if, due to death, illness, departure, or any other occurrence, any principal or principals of Contractor become unable to perform the services set forth in this Agreement, neither Contractor nor the surviving principals shall be relieved of their obligations to complete performance hereunder. Contractor may substitute other professionals to perform such services only upon approval of the System. Contractor shall immediately notify the System of any occurrence resulting in the inability of any principal or principals of Contractor to perform the services set forth in this Agreement, in which event the System, at its own option, may immediately terminate this Agreement upon written notice to Contractor.

19. **Indemnification and Liability:** Contractor agrees to indemnify, defend, and hold harmless the System, its board members, trustees, officers, agents and employees, in both individual and official capacities, from and against any and all costs, demands, expenses, losses, claims, suits, damages, liabilities, settlements, and judgments, including in-house and contracted attorney fees and all expenses, arising out of (a) any breach or violation by Contractor of any of its representations, warranties, covenants, or agreements set forth herein, (b) any actual or alleged death or injury to any person, damage to any property, or any other damage or loss by whomsoever suffered, claimed to have resulted in whole or in part from performance hereunder, (c) any negligent or wrongful act, activity, or omission of Contractor or any of its employees, representatives, subcontractors, or agents. Neither party shall be liable for incidental, special, consequential, or punitive damages.

20. **Independent Contractor:** Contractor is an independent contractor in the performance of this Agreement, and is not an agent, employee, partner, or in joint venture with the System. All payments by the System shall be made on that basis. Contractor and its employees are not employees of the System and amounts paid pursuant to this Agreement do not constitute compensation paid to an employee of the System. All personnel performing services pursuant to this Agreement are employees of Contractor, are treated as employees of Contractor for tax reporting purposes, and are provided all benefits of such employment that are provided or accrue to Contractor's employees, including, without limitation, health insurance, life insurance, disability insurance, workers' compensation, vacation, paid holidays, sick leave, and the like. The System assumes no liability for actions of Contractor or its employees under this Agreement and this Agreement is not subject to the State Employee Indemnification Act, 5 ILCS 350.

21. **Insurance:**

- a) Contractor shall, at its sole cost and expense, procure and maintain on its own behalf, worker's compensation insurance in amounts equal to all statutory requirements. Contractor shall also carry, on its own behalf, commercial general liability insurance of at least \$5 million per occurrence. Contractor shall also carry, on its own behalf, professional liability insurance of at least \$5 million. Contractor shall furnish the System a true and correct copy of each paid-up policy evidencing such insurance, or a certificate of the insurer certifying that such policy has been issued, as soon as practicable following execution of this Agreement. Contractor shall also provide renewal certificates of insurance so long as this Agreement is in effect. Each policy shall provide that it may not be canceled or materially changed without sixty days prior written notice to the System.
- b) Contractor shall promptly notify the System in writing of any claims under any required insurance policies which, if valid, would have the effect of materially reducing the amount of insurance available under such policies or reducing the amount of insurance available under such policies to an amount lower than the limits provided herein and of any material developments relating to such claims.
- c) Contractor expressly understands and agrees that insurance coverage required by this Agreement or otherwise provided by Contractor shall in no way supersede, reduce, or

otherwise limit Contractor's obligation to indemnify, defend, and hold harmless the System, its board members, officers, agents and employees, in both individual and official capacities, as provided in this Agreement.

22. **Notices:** Notices and any other communication provided for herein shall be given in writing to the contacts designated below by registered or certified mail, return receipt requested, by receipted hand delivery, by courier (UPS, Federal Express, or other similar and reliable carrier), by email, or by fax showing the date and time of successful receipt. Each such notice shall be deemed to have been provided at the time it is actually received. By giving notice, either party may change the following contact information:

Contractor: [Company Name]
Attention:
[Mailing Address]
[City, State Zip Code]
Phone:
Fax:
Email:

TRS: Teachers' Retirement System of the State of Illinois
Attention: Alice Kern, Administrative Services Manager
2815 W. Washington St., P.O. Box 19253
Springfield, Illinois 62794-9253
Phone: 217-753-0354
Fax: 217-787-2269
Email: akern@trs.illinois.gov

23. **No Waiver:** Except as specifically waived in writing, failure by either party to exercise or enforce a right or obligation under this Agreement shall not affect any subsequent ability to exercise or enforce a right or obligation.
24. **Progress Reports:** Contractor shall submit to the System upon request, oral or written reports detailing the status of the work performed under this Agreement. All written reports, including any final comprehensive reports, shall be the property of the System. All documents, including reports and all other work products, produced by Contractor under this Agreement, shall become and remain the property of the System.
25. **Record Retention – Right to Audit:** Contractor and its subcontractors agree to comply with Section 20-65 of the Illinois Procurement Code, 30 ILCS 500/20-65, and shall maintain adequate books and records relating to the performance of this Agreement and necessary to support amounts charged to the System under this Agreement. Books and records, including information stored in databases or other computer systems, shall be maintained by Contractor and its subcontractors for a period of three years from the later of the date of final payment under the Agreement or completion of the Agreement. Such three-year period shall be extended for the duration of any audit in progress at the time of that period's expiration. Such books and records shall be available for review or audit by the Auditor General, other governmental entities with monitoring authority, and the System, upon reasonable notice and

during normal business hours. Contractor and its subcontractors shall cooperate fully with any such review or audit. Failure to maintain such books and records shall establish a presumption in favor of the System for the recovery of any funds paid by the System under this Agreement for which adequate books and records are not available. Contractor shall not impose a charge or pass on fees or costs for review or audit of such books and records. Contractor shall take reasonable steps to ensure that its subcontractors are in compliance with this section.

26. Representations and Warranties of Contractor: By entering into this Agreement, Contractor represents and warrants the following:

- a) Contractor has the right, power, and authority to enter into and perform its obligations under this Agreement and it has taken all requisite action (corporate, statutory, or otherwise) to approve execution, delivery, and performance of this Agreement.
- b) This Agreement constitutes a legal, valid, and binding obligation upon Contractor in accordance with its terms.
- c) Contractor is an “enrolled actuary” as defined in the Illinois Pension Code, 40 ILCS 5/1-1A-110(a) and will take all action necessary to maintain such status during the term of this Agreement.
- d) The statements and certifications made in Contractor’s response to the Request for Proposal for Actuarial and Consulting Services are true and accurate and that Contractor will promptly notify the System if any such statements or certifications are no longer accurate.
- e) Contractor acknowledges that the System is subject to various statutory deadlines relating to work performed by Contractor under this Agreement, and agrees to complete all assigned tasks accurately and on time. In some instances, Contractor’s delivery of work is contingent on receipt of data not within its control. If delay occurs in obtaining data, it is Contractor’s responsibility to notify the System that delivery dates will be impacted.

27. Representations and Warranties of the System: By entering into this Agreement, the System represents and warrants that:

- a) The System has the right, power, and authority to enter into and perform its obligations under this Agreement;
- b) The System has taken all requisite action (corporate, statutory, or otherwise) to approve execution, delivery, and performance of this Agreement; and
- c) This Agreement constitutes a legal, valid, and binding obligation upon itself in accordance with its terms.

28. **RFP:** The RFP and RFP Response are hereby incorporated by reference into this Agreement as though fully set forth herein. To the extent that there are any conflicts between the RFP, RFP Response, and this Agreement, this Agreement shall prevail.

29. **Standard of Care:** In addition to, and without limiting the standard of care that may otherwise be applicable to Contractor under Illinois law or other applicable law, in performing services under this Agreement and in all of its relations with the System, Contractor shall (1) perform its services in accordance with generally accepted industry standards, (2) discharge its duties with respect to the System solely in the interest of its members, annuitants, and beneficiaries, and defraying reasonable expenses of administering the System, and (3) act with the skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

30. **Subcontracting and Assignment:**

- a) This Agreement may not be assigned or transferred in whole or in part without a written amendment duly executed by both parties.
- b) If Contractor intends to utilize one or more subcontractors in performance of this Agreement, Contractor shall provide prior written notice to the System identifying the names and addresses of all such subcontractors to be utilized by Contractor in the performance of this Agreement, together with a description of the work to be performed by the subcontractor and the anticipated amount of money that each subcontractor will receive from Contractor for such work. This Agreement shall apply to and bind all subcontractors utilized by Contractor in the performance of this Agreement as fully and completely as Contractor is hereby bound and obligated. For purposes of this section, subcontractors are those specifically hired to perform all or part of the work or to provide equipment or supplies covered by the Agreement.

31. **Termination:**

- a) This Agreement may be terminated at any time by the mutual consent of the System and Contractor.
- b) Notwithstanding any contrary provision in this Agreement, this Agreement may be terminated at the option of the System whenever the System determines that such termination is in its best interests, upon 15 days' prior written notice to Contractor.
- c) Upon notice of termination, Contractor shall cease work under this Agreement except work that TRS directs in writing to be completed, and take all necessary or appropriate steps to limit disbursements and minimize costs, and cooperate in good faith with TRS during the transition period between notification of termination and substitution of any replacement contractor. Contractor shall be entitled to payment for satisfactory professional services provided under the Agreement. In the event the System and Contractor cannot agree to the amount of payment due Contractor, Contractor will receive a percentage of payment provided under the Agreement equal to the percentage

of work completed prior to termination of the Agreement. Contractor shall immediately return to TRS any payments for professional services that were not rendered by Contractor.

- d) Termination of this Agreement shall not relieve either party of any obligations hereunder which were incurred prior to the date upon which the termination is effective.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement for Actuarial and Consulting Services as of the dates below.

SAMPLE