

RESOLUTION 2019-147

PASSED: OCTOBER 28, 2019

AUTHORIZING A WAIVER OF COMPETITIVE BIDDING AND PAYMENT TO FOSTER & FOSTER, INC. IN THE AMOUNT OF \$20,062.00 FOR FISCAL YEAR 2019 ACTUARIAL SERVICES.

WHEREAS, the City of DeKalb ("City"), Illinois is a home-rule municipality with the power and authority granted under the provisions of the Illinois Constitution and the Illinois Municipal Code, 65 ILCS 5/1-1-1, et. seq.; and

WHEREAS, the City has determined it is necessary to utilize the services of a professional actuary for the preparation of certain required documents and reports related to the City's pension funds and other post-employment benefit plans; and

WHEREAS, the City's existing agreement with Foster & Foster, Inc., signed on September 30, 2016, includes an annual price increase of 3%, and will exceed the City Manager's spending authority in FY2019.


NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF DEKALB, ILLINOIS:

SECTION 1: That the City Council of the City of DeKalb authorizes the waiver of the competitive bidding process and authorizes and directs the City Manager to execute a payment to Foster & Foster, Inc. in an amount not to exceed \$20,062.00 for services rendered under the existing Actuarial Services Agreement signed on September 30, 2016.

PASSED BY THE CITY COUNCIL of the City of DeKalb, Illinois, at a Regular meeting thereof held on the 28th day of October 2019 and approved by me as Mayor on the same day. Passed by a 7-0 roll call vote. Aye: Morris, Finucane, Smith, McAdams, Verbic, Faivre, Mayor Smith. Nay: None.

ATTEST:


RUTH A. SCOTT, Executive Assistant


JERRY SMITH, Mayor



ACTUARIAL SERVICES AGREEMENT

THIS AGREEMENT is entered into the 30th day of September, 2016, between the CITY OF DEKALB, not individually, but as the plan sponsor (herein referred to as the "City") and FOSTER & FOSTER, INC (herein referred to as the "Actuary").

WITNESSETH

WHEREAS, the Actuary has demonstrated the expertise and experience to perform the actuarial services outlined in said proposal.

NOW, THEREFORE, in consideration of services to be performed and payments to be made together with mutual covenants and conditions hereinafter set forth, the parties agree as follows:

1. The Actuary agrees to perform all of the services set forth in its July 8, 2016 proposal in accordance with the terms and conditions of this agreement.
2. The Actuary shall, within sixty (60) days of receipt of all required employee and financial data, complete and return to the City the following, beginning with the July 1, 2016 valuation:
 - A. An actuarial valuation and report for the City's Police Pension Fund and the Firefighters' Pension Fund. The Actuary will determine the funding requirements, the GASB 67/68 results, and generally review the experience of the Fund.
 - B. An actuarial valuation and report for the City's Retiree Health Insurance Plan. The Actuary will determine the funding requirements, the GASB 45 results and generally review the experience of the Fund.
 - C. Attend one meeting in DeKalb to discuss in detail the results of each valuation.
 - D. Provide a summary of the actuarial assumptions, cost methods and plan provisions.
3. In addition to the work necessary to complete the services outlined in (1) above, the Actuary shall also perform such non-regular actuarial services as may be requested by the City including, but not limited to:

- A. Prepare a pension modeler that gives the City the ability to review of impact of future experience, various assumptions and alternative funding policies.
 - B. Perform special actuarial studies to determine the costs associated with the implementation of alternative benefit designs.
 - C. Perform an experience study to provide the City with historical data to use when selecting actuarial assumptions.
 - D. Calculate standard prior service and military buy back contribution requirements.
 - E. Determine refunds of employee contributions.
 - F. Conduct meetings with employee groups to explain plan provisions and answer questions
 - G. Analyze funding trends to predict future contribution requirements
 - H. Prepare accounting expense estimates for future years
 - I. Perform other general or specific consulting services via telephone, email, or other correspondence.
4. Charges for work not explicitly outlined in paragraph (1) above will be based upon the amount of time required to complete each task. A firm fee quotation prior to commencing any work may be provided upon request.

The hourly charges shall be:

	<u>Hourly Rate</u>
Senior Actuarial Consultant	\$300
Actuarial Consultant	\$250
Actuarial Analyst	\$150
Administrative/Clerical	\$100

5. In consideration of the satisfactory performance of services and delivery of work products as provided in paragraph (1) of this Agreement, the City agrees to pay the Actuary the following base actuarial fees for the July 1, 2016 valuations:

Police Pension Valuation	\$6,000
Firefighters' Pension Valuation	\$6,000
Retiree Health Insurance Valuation	\$6,000

The fees for valuations in any subsequent years will increase by 3% per year. The City will be invoiced for these services upon delivery of the actuarial valuation report. There shall be no

additional hourly charges or out-of-pocket expense reimbursements for the annual actuarial valuation meeting. At no point will the total cost of the valuation services provided in this agreement exceed \$20,000 without ratification by City Council.

6. This Agreement embodies the entire agreement of the parties hereto and no modification thereof shall be made except by written amendment agreed to and executed by both parties.
7. The City shall deliver to the Actuary all employee and financial data and any such further information as the Actuary shall deem necessary from time to time in order to complete the job.
8. The City may terminate this Agreement, with or without cause, at any time upon sixty (60) days written notice to the Actuary. In the event that the City decides to terminate this Agreement with or without cause, or in the event that the City fails to perform any of its duties hereunder for a period of more than ninety (90) days after written notice by the Actuary of such failure, the Actuary may terminate this agreement and be entitled to compensation to the date of such termination, based on the actual work performed at the hourly rates provided in paragraph (4), but not to exceed the total valuation cost listed in paragraph (5).
9. The term of this Agreement shall be for one (1) year from the effective date, unless sooner terminated pursuant to paragraph 7, and may be renewed for subsequent periods of one (1) year each upon the mutual agreement of the parties hereto. There shall be no change in any terms unless mutually agreed to by the parties hereto.
10. Foster & Foster does not limit its professional liability to its clients in any capacity. We carry worker's compensation, comprehensive business liability and professional liability insurance. We carry error and omissions insurance for up to \$5,000,000 and our firm has never submitted a claim to our insurance company for professional liability due to an error or omission on our part. The limit of our liability is on a per claim basis (\$5,000,000) subject to an annual aggregate (\$5,000,000). Our professional liability insurance carrier is The CIMA Companies, Inc. and our worker's compensation carrier is State Farm Insurance.

- **Risks Covered:** Professional Liability (Errors & Omissions)

Name of Insurance Carrier: The CIMA Companies, Inc.

Levels and Limits: The limit of our liability is on a per claim basis (\$5,000,000) subject to an annual aggregate (\$5,000,000). Foster & Foster does not limit its professional liability to its clients in any capacity.

- **Risks covered:** Comprehensive Business Liability

Name of Insurance Carrier: State Farm

Levels and Limits: The limit of our liability is \$1,000,000 for each occurrence with a \$2,000,000 general aggregate. Limits of liability are 500/500/100.

- **Risks covered:** Workers Compensation and Employers' Liability


Name of Insurance Carrier: Travelers Insurance Company

Levels and Limits: The limits of our liability are 100/100/500

11. Neither party hereto may assign, convey, or otherwise transfer any of its rights, obligations, or interest herein without the prior express written consent of the other party.
12. This Agreement shall be construed in accordance with the laws of the State of Illinois to the extent not pre-empted by federal law and the provisions hereof shall be governed by such law. All prior agreements between the parties are hereby terminated and superseded by this Agreement.
13. This Agreement may be executed in several counterparts, each of which shall be deemed an original.
14. By execution of this Agreement, the Actuary acknowledges that it is a fiduciary of the Plan to the extent required by ERISA.
15. Any action arising under this Agreement shall be brought exclusively in DeKalb County, Illinois.

IN WITNESS WHEREOF, the CITY has signed duplicates hereof, and **FOSTER & FOSTER, INC** has caused its corporate name to be signed to said duplicates by its proper officers thereunto duly authorized on the day and in the year first above written.

FOSTER & FOSTER, INC

By: 
As Authorized Officer

CITY OF DEKALB

By: 
As Authorized Officer

By: _____
As Authorized Officer