

## **RESPONSES TO QUESTIONS**

### **Informal RFP for OPEB Actuarial Services**

**Date:** May 18, 2021

**Question 1:** Is the service request under this RFP for the preparation of OPEB valuations in compliance with GASB **45** or GASB **75**?

***Response 1:*** Per the RFP “Scope of Service”, the City’s primary objective for this actuarial valuation report should include compliance with the reporting requirements of all applicable GASB statements, including, but not limited to, GASB Statements 43, 45, 74, and 75.

**Question 2:** Does the City of San Fernando have an irrevocable trust to fund the OPEB benefits therefore triggering the requirement of GASB 74 reporting?

***Response 2:*** Currently, the City does not have an irrevocable trust.

**Question 3:** Can the City disclose fees charged by incumbent for the services rendered under this RFP?

***Response 3:*** Contract attached.

**Question 4:** Can the City provide a copy of the City’s two most recent GASB 75 actuarial valuation reports (FY2019 and FY2020)?

***Response 4:*** Actuarial valuation reports attached.

**Question 5:** Can we get a copy of the proposal of the last successful bidder?

***Response 5:*** Proposal attached.

**Question 7:** What were the annual fees charged and the terms of the prior contract?

***Response 7:*** Contract attached.



**BARTHEL**  
ASSOCIATES, LLC

## **City of San Fernando**

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### **Proposal for**

### **Actuarial Services to Value Other Post-Employment Benefits (OPEB) in Compliance with Government Accounting Standards Board Statement No. 45 (GASB 45)**

April 28, 2016

**Bartel Associates, LLC**

411 Borel Avenue, Suite 101

San Mateo, California 94402

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Fax: 650-345-8057

[www.bartel-associates.com](http://www.bartel-associates.com)

Email: [mbredding@bartel-associates.com](mailto:mbredding@bartel-associates.com)

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Transmittal Letter

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Attachments

- A. Team Biographies and Actuarial Certifications
- B. Bartel Associates GASB 45 Clients

April 28, 2016

Nick Kimball  
Finance Director  
**City of San Fernando**  
117 Macneil St  
San Fernando, CA 91340

**Re: Proposal for Actuarial Valuation Services**

Dear Mr. Kimball:

We are pleased to provide our response to the City of San Fernando's Request for Proposal to value the City's Other Post-Employment Benefits (OPEB) in accordance with Governmental Accounting Standards.

Our proposal includes all of the information requested in the City's request for proposal, and meets all the RFP's terms and conditions.

Please contact me at 650-377-1617 (mbredding@bartel-associates.com) if you have any questions regarding our proposal.

We look forward to hearing from you.

Sincerely,



Mary Elizabeth Redding, FSA  
Vice President and Actuary

c: John Bartel– Bartel Associates, LLC

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# SECTION 1

## PROPOSAL SUMMARY AND CONTACT INFORMATION

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*This section shall discuss the highlights, key features, and distinguishing points of the Proposal. A separate sheet shall include all the contact people on the Proposal and how to communicate with them.*

Bartel Associates LLC is pleased to provide our response to the City of San Fernando's Request for Actuarial Services to Value Other Post-Employment Benefits (OPEB) in Compliance with Government Accounting Standards Board Statement No. 45 (GASB 45) and Government Accounting Standards Board Statement No. 75 (GASB 75).

Bartel Associates is uniquely qualified to prepare the City's retiree medical (OPEB) valuation as well as providing other as-needed actuarial consulting services related to retirement benefits.

- *Extensive Experience*– Our proposal anticipates that the City will continue its pay-as-you-go funding policy. However, our work with over 300 public agency OPEB valuations means that we could assist the City in developing a successful strategy to begin funding the OPEB obligation.
- *Expertise* – Our senior actuaries are long-term consultants to public agencies, where proposed team members for the project are recognized as thought leaders. For example, John Bartel is a member of the task force that assisted the GASB with the new OPEB accounting Statements, numbers 74 and 75. John is also a member of the California Actuarial Advisory Panel, and Mary Beth Redding works extensively with California auditors on implementing GASB Statement 68. Our work is detailed, thorough, and complies with actuarial standards.
- *Capacity* –We have allocated sufficient staff, familiar with public sector OPEB valuations, to meet the City's needs. The actuaries and analysts in our office have been performing large numbers of GASB OPEB valuations each year for many years, and have the capacity to meet valuation needs under the upcoming GASB 75 standards. Our previous engagements confirm our track record of meeting timelines whether for scheduled valuations, accelerated studies, or special consulting.
- *California Specialists* – PEMHCA's retiree medical benefit rules can be complicated. We work with CalPERS constantly and understand the regulations and their interaction with the language in MOUs. This enables us to give you accurate advice on plan design and funding options.
- *Excellent Communications* – We regularly present the results of our actuarial studies to retirement system boards, county boards of supervisors, city councils, and district boards of directors. Our presentations are clear, concise, and understandable to non-actuaries; our recommendations are practical. In our contacts with City staff and your City Council, we will be certain you understand the possible effects of any issues we encounter, along with analysis and options to resolve them.
- *Financial Stability* –Bartel Associates has been in business since 2003. As a medium-sized firm specializing in this area, our billing rates are structured for the public sector. We provide high-quality services at a reasonable cost.

## SECTION 1

### PROPOSAL SUMMARY AND CONTACT INFORMATION

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Our website [www.bartel-associates.com](http://www.bartel-associates.com) has more information on the services we provide and relevant information on public sector retirement and OPEB benefits.

We look forward to discussing our proposal with you.

# SECTION 1

## PROPOSAL SUMMARY AND CONTACT INFORMATION

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### How to Reach Us

Senior actuarial staff assigned to this project are:

| Contact           | Office         | Cell | email  |
|-------------------|----------------|------|--|
| Mary Beth Redding | (650) 377-1617 | *    | <a href="mailto:mbredding@bartel-associates.com">mbredding@bartel-associates.com</a> |
| Tak Frazita       | (650) 377-1619 | *    | <a href="mailto:tfrazita@bartel-associates.com">tfrazita@bartel-associates.com</a>   |
| John Bartel       | (650) 377-1601 | *    | <a href="mailto:jbartel@bartel-associates.com">jbartel@bartel-associates.com</a>     |

Cell phone numbers and contact information for actuarial analysts will be provided when work on the project begins.

Our mailing address is:

Bartel Associates, LLC  
411 Borel Avenue, Suite 101  
San Mateo, CA 94402

Our main phone and fax numbers are:

phone: 650-377-1600  
phone: 800-256-2090  
fax: 650-345-8057

Our website is: [www.bartel-associates.com](http://www.bartel-associates.com)

## SECTION 2

### PROFILE OF THE PROPOSING FIRM

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*This section shall include a brief description of the Firm, including size, location of office(s), number of years providing service, organizational structure of the responsible division, etc.*

*Additionally, this section shall include a listing of any lawsuit and the result of that action resulting from (a) any public project undertaken by the Firm where litigation is still pending or has occurred within the last five years or (b) any type of project where claims or settlements were paid by the Firm or its insurers within the last five years.*

- Bartel Associates was established in July 2003 to provide public sector clients high quality actuarial services at reasonable fees, focusing on personal attention and clear results.
- Bartel Associates is a Limited Liability Corporation, 100% owned by employees.
- Bartel Associates has no parent company nor divisions.
- We have been in business for over 12 years, since July 2003.
- Bartel Associates' one office is in San Mateo, California. Mary Beth Redding is a Southern California resident.
- We have 21 employees: 10 credentialed actuaries, 7 actuarial analysts, and 4 administrative staff.
- 10 of our actuaries are credentialed: 10 are Fellows or Associates of the Society of Actuaries, 10 are Members of the American Academy of Actuaries, 7 are Enrolled Actuaries, and 7 are Fellows of the Conference of Consulting Actuaries.
- Bartel Associates, LLC is an actuarial consulting firm specializing in providing states, counties, cities, and other public agencies with actuarial consulting services. Our clients range from small special districts to small and large cities and states with tens of thousands of employees.

#### **Lawsuits or Litigation**

- Neither Bartel Associates nor any officer or principal has been involved in any business litigation nor other legal proceedings related to any actuarial consulting activities or services.
- Our services include:
  - Pension Plans – We have prepared defined benefit pension plan actuarial valuations under GASB Statements 25, 27, 67, 68, and 71 for over 50 California retirement systems, governments, and agencies.
  - OPEB Plans - We have prepared “Other Postemployment Benefit” actuarial studies and valuations for over 300 California counties, cities, districts, and agencies to assist with compliance with GASB Statements Nos. 43, 45, 74 and 75.
  - Pension Consulting – Pension System rate analysis and projections, POB analysis and support, negotiation assistance, independent advice

## SECTION 2

### PROFILE OF THE PROPOSING FIRM

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to employers, and actuarial certifications; presentations to boards, city councils, employee bargaining groups, agency staff, and public meetings.

- Plan Design – Assistance in redesigning and implementing retiree medical and pension plans
- Retirement Plan Audits – Review of actuarial valuations, experience studies, actuarial assumptions, and funding methods

### SECTION 3

## QUALIFICATIONS OF THE FIRM

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*This section shall include a brief description of the Firm's qualifications and previous experience on similar or related projects. Provide a description of pertinent project experience with other public municipalities (maximum of four) that includes a summary of the work performed, the total project cost, the period over which the work was completed, and the name, title, and phone number of clients to be contacted for references. Give a brief statement of the Firm's adherence to the schedule and budget for each project.*

Bartel Associates' primary – and only – business is providing actuarial services to public sector clients. Bartel Associates has performed many actuarial valuations for pension and OPEB plans. All of our senior actuaries are credentialed actuaries fully qualified to perform these valuations. A full list of our clients since 2009 is available on our website.

Since 2009, we have performed actuarial valuations of OPEB benefits under GASB 45 for over 300 clients, including almost 200 municipalities. We have performed multiple valuations for the vast majority of our clients. We are highly experienced in this field.

#### **Actuarial Qualifications**

We have 10 credentialed actuaries on our staff, all of whom meet the Qualification Standards of the American Academy of Actuaries to perform the work and issue the actuarial opinions in this proposal.

#### **Experience on Similar Projects**

In the table below we have provided pertinent OPEB actuarial valuation experience with 4 selected municipalities in the City's area. In most of these cases we also were retained to provide additional studies and CalPERS consulting projects.

All work was completed on time and within budget.

A full listing of GASB 45 actuarial valuations we have performed is included as Appendix A.

### SECTION 3

## QUALIFICATIONS OF THE FIRM

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| Client/ Dates         | Summary of Work Performed  | Contact  |
|-----------------------|--|--|
| City of Burbank       | GASB 45 Valuation<br>CalPERS Consulting                          | Dino Balos<br>Accounting and Auditing<br>Manager<br>818-238-5518<br>DBalos@burbankca.gov     |
| City of Santa Clarita | GASB 45 Valuation<br>CalPERS Consulting<br>Pension Valuations    | Darren Hernandez<br>Deputy City Manager<br>Phone: 661-255-4925                               |
| City of Glendale      | GASB 45 Valuation<br>CalPERS Consulting<br>Sick Leave Conversion | Bob Elliott<br>Director of Finance<br>Phone: 818-548-2085                                    |
| City of Moorpark      | GASB 45 Valuation  | Ron Ahlers<br>Finance Director / City<br>Treasurer<br>805.517.6249<br>rahlers@MoorparkCA.gov |

John Bartel, the firm's founder, has over 30 years of experience as a retirement consultant and practice leader with major consulting firms. He was a member of the special task force which assisted the Governmental Accounting Standards Board (GASB) in drafting Statements No. 43 and 45, and recently was a member of the task force assisting the GASB with their updates, GASB Statements 73, 74 and 75. He was directly involved in the statements' development and assisted numerous public agencies in their understanding and implementation.

John Bartel served as consultant for the California State Office of Finance to former Governor Schwarzenegger's Public Employee Post-Employment Benefits Commission, charged with review of policy regarding the State's public employee retirement benefits. John was appointed by former Governor Schwarzenegger to the California Actuarial Advisory Panel (CAAP). CAAP is charged with providing impartial and independent information on pensions, other postemployment benefits, and best practices to California public agencies.

Mary Beth Redding is currently working with the CCMA, a CalCPA government accounting committee, on GASB 68 and 75 implementation. She assisted in writing "Implementing GASB Statement No. 68 Accounting and Financial Reporting for Pensions A CCMA White Paper For California Local Governments" and is a frequent speaker on the topic.

## SECTION 4

### WORK PLAN AND TIMETABLE

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*In this section, present a well-conceived service plan. This section of the proposal shall establish the Firm's understanding of the City's objectives and work requirements and the Firm's ability to satisfy those objectives and requirements. Describe the proposed approach for addressing the scope of service, outlining the approach that would be undertaken in providing the requested services. Include a timetable for providing the service. Describe related service experience by the Firm in similar work. Please describe the role, extent of services (number of people used, engagement duration, and contract value).*

#### **Scope of Work:**

Services and Deliverables will include:

- Actuarial valuations of the OPEB benefits in compliance with GASB 45 (for fiscal years ending 2016 and 2017) and GASB 75 (fiscal years ending in 2018 through 2020).
- The actuarial valuations will provide all actuarial information required for reporting under GASB Statements 45 and 75. Statements 43 and 74 do not apply since the City is not pre-funding the OPEB obligation through a trust or equivalent vehicle.
- The actuarial valuations will meet the requirements of GASB Statements 45 and 75 and the Actuarial Standards of Practice in their actuarial assumptions and methodology, including:
  - Discount rate. Since the City is not pre-funding the liability, GASB 75 requires the discount rate to be based on the 20-year municipal bond rate selected as of the measurement date. This rate is very volatile and it is likely that a different rate will occur each year. As a result, the actuarial valuation will need to be updated annually, at each measurement date, to reflect the new discount rate.
  - Implied Subsidy. Historically, PEMHCA (CalPERS' medical plans) valuations have not included an implied subsidy (the implied subsidy is the benefit retirees derive when they are charged the same pre-Medicare premium as active employees). This approach complied with GASB 45, which defers to Actuarial Standards of Practice (ASOP) on whether the implied subsidy should be included. A recent revision to that ASOP requires actuaries calculate an implied subsidy for all valuations, effective on or after March 31, 2015.



## SECTION 4

### WORK PLAN AND TIMETABLE

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#### Timing

The City has several options for timing of actuarial valuations under GASB 45 and 75:

- If there has always been fewer than 200 total participants between 4/1/13 and now, the City may be able to defer the next valuation until 4/1/2016, under GASB 45's triennial rule.
- GASB 75 permits the City to select a measurement date (at which time all information is measured and all GASB 75 results are finalized) of up to one year before the fiscal year end,.

Listed below are three possible options for timing:

**Option 1. “End of Year Measurement Date ”** Note that the 6/30/16 completion date requires census data to be received by 5/15/16.

| Fiscal Year End | Accounting Standard | Measurement Date | Actuarial Valuation Date | Estimated Results Completion |
|-----------------|---------------------|------------------|--------------------------|------------------------------|
| 6/30/16         | GASB 45             | N/A              | 6/30/15                  | 6/30/16                      |
| 6/30/17         | GASB 45             | N/A              | 6/30/15                  | 6/30/16                      |
| 6/30/18         | GASB 75             | 6/30/18          | 6/30/17                  | 8/31/18                      |
| 6/30/19         | GASB 75             | 6/30/19          | 6/30/17                  | 8/31/19                      |
| 6/30/20         | GASB 75             | 6/30/20          | 6/30/19                  | 8/31/20                      |

**Option 2. “Beginning of Year Measurement Date”** This option allows completion of all results prior to end of the fiscal year. Note that the 6/30/16 completion date requires census data be received by 5/15/16 and the 10/31 completion dates depend on receipt of census data by 8/15 of each year.

| Fiscal Year End | Accounting Standard | Measurement Date | Actuarial Valuation Date | Estimated Results Completion |
|-----------------|---------------------|------------------|--------------------------|------------------------------|
| 6/30/16         | GASB 45             | N/A              | 6/30/15                  | 6/30/16                      |
| 6/30/17         | GASB 45             | N/A              | 6/30/15                  | 6/30/16                      |
| 6/30/18         | GASB 75             | 6/30/17          | 6/30/17                  | 10/31/17                     |
| 6/30/19         | GASB 75             | 6/30/18          | 6/30/17                  | 8/31/18                      |
| 6/30/20         | GASB 75             | 6/30/19          | 6/30/19                  | 10/31/19                     |

## SECTION 4

### WORK PLAN AND TIMETABLE

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**Option 3. “Triennial Valuation Plus Beginning of Year Measurement Date”** This option would require approval by your auditors since the time between valuations would actually be 3 years plus 3 months. However, by using one triennial valuation, this option requires only two and not three actuarial valuations during the 5-year period. Note that the 10/31 completion dates below depend on receipt of census data by 8/15 of each year.

| <b>Fiscal Year End</b> | <b>Accounting Standard</b> | <b>Measurement Date</b> | <b>Actuarial Valuation Date</b> | <b>Estimated Results Completion</b> |
|------------------------|----------------------------|-------------------------|---------------------------------|-------------------------------------|
| 6/30/16                | GASB 45                    | N/A                     | 4/1/13                          | Based on prior report               |
| 6/30/17                | GASB 45                    | N/A                     | 6/30/16                         | 10/31/16                            |
| 6/30/18                | GASB 75                    | 6/30/17                 | 6/30/16                         | 8/31/17                             |
| 6/30/19                | GASB 75                    | 6/30/18                 | 6/30/18                         | 10/31/18                            |
| 6/30/20                | GASB 75                    | 6/30/19                 | 6/30/18                         | 8/31/19                             |

#### Work Plan

##### Project Approach

We believe that there are two levels to a GASB actuarial valuation.

Basic Valuation: The first level is technical compliance with the applicable OPEB GASB statements. Some public employers may hire an actuary to assist only with technical compliance with the GASB statement, limiting the scope of services to preparing a compliance-only valuation that provides the required financial reporting and disclosure information.

Full Consulting Valuation: The second level, which we recommend, goes beyond reporting and disclosure issues and assists the City with understanding the financial statement impact, the effect of actuarial assumptions and methodology, development of funding policies and recommended contributions, and a review of the plan design.

In our process below we will note the differences between the services included in each approach, and we will provide fee quotes on each basis.

Our actuarial valuation process begins with the collection and analysis of participant data:

- Kick off Meeting – We will have a telephonic meeting with the City to confirm the GASB reporting schedule, valuation timing, actuarial assumptions, City contribution policy, and data timing
- Data Collection – Bartel Associates will provide a written data request and the City will provide plan documentation, participant data, prior valuation data, and asset information.

## SECTION 4

### WORK PLAN AND TIMETABLE

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- Data Reconciliation – We will review the plan and participant data and provide the City with a list of any questions.
- Methods & Assumptions – We will recommend actuarial methods and assumptions to the City. It is important that the City understand the methods and assumptions used and their impact on the plan's valuation results as these are assumptions set by the City, subject to our actuarial guidance and standards of practice and auditor approval.

Our actuarial valuation process continues after the completion of the participant data analysis and setting of actuarial methods & assumptions:

- Valuation Processing – We will prepare the valuation using ProVal software, a comprehensive and widely used and respected retirement benefit valuation system developed by Winklevoss Technologies, LLC, with a special module for public retirement systems. Our procedure for quality control includes the checking of computer programs and calculations by a second actuary and the review of results and presentation materials by senior actuaries. We keep client information secure by encrypting all files kept on our computers.
- Deliverable: Preliminary Results Report & Meeting (Full Consulting Valuation) – We will meet face-to-face with the City to review the preliminary valuation report using plain, easily understood language. Our preliminary results presentation will be in a discussion outline format and will contain all GASB 45/75 reporting information required for your CAFR and for your auditor's review as well as:
  - Historical valuation results and demographic information;
  - Estimated gain and loss analysis with changes in the Actuarial Accrued Liability since the prior valuation;
  - Projection of the Net OPEB Obligation, ARC, Annual OPEB Cost through 6/30/2017 and 10-year benefit payment projection;
  - Results provided separately for Safety and Miscellaneous groups;
  - Statistical comparison of City results with other Bartel Associates GASB 45 valuations;
  - Detailed participant statistics, including summary of healthcare plan and coverage elections;
  - Pre-funding illustration,
  - Summary of upcoming OPEB and CalPERS issues.

Your auditors are welcome to attend this discussion.

- Deliverable: Preliminary Results (Basic Valuation) – We will prepare a basic actuarial valuation report containing summaries of plan provisions, actuarial assumptions and participant demographics as well as all GASB 45/75 required information, and discuss it with you over the phone.

## SECTION 4

### WORK PLAN AND TIMETABLE

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- Deliverable: Final certified valuation – After the City’s review of our draft report, we will provide a final, certified valuation report.

We strongly believe that through our years of experience we have developed an efficient and effective process for preparing and presenting actuarial valuations.

#### **“Update” Accounting Information Report**

In years where full actuarial valuations are not performed, the prior year valuation will be rolled forward, adjusting for actual benefits paid during the period and the 20-year municipal bond rate at the new measurement date. We will issue an “update” GASB 75 report, containing all required reporting information and for your auditors’ review, for that fiscal year.

#### **Sample Timeline**

The sample timeline below is for a GASB 45 actuarial valuation under Option 1 or Option 2 above. Timing for each subsequent valuation would be similar.

| <b>Project Steps</b>   | <b>Estimated Dates</b>               |
|--|--------------------------------------|
| 1) The City provides participant census data, and plan documents to Bartel Associates. | May 15, 2016                         |
| 2) The City answers any data questions from Bartel Associates.                         | May 30, 2016<br>≈ 2 weeks after (1)  |
| 3) Bartel Associates meets with the City to present preliminary valuation results      | June 30, 2016<br>≈ 4 weeks after (2) |
| 4) Bartel Associates provides final GASB 45 valuation report.                          | July 7, 2016<br>≈ 1 week after (3)   |

## SECTION 5

### PROJECT STAFFING

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*In this section, discuss how the Firm would propose to staff this project. Firm's key project team members shall be identified by name, specific responsibilities on the project and their qualifications. An organizational chart for the project team and resumes for key Firm personnel shall be included. Key Firm personnel will be an important factor considered by the Finance Director. **There can be no change of key personnel once the proposal is submitted, without prior approval of City.***

The project team assigned to work with the Authority will include Mary Beth Redding and Tak Frazita with John Bartel available as needed for peer review. These actuaries will not be changed without the Authority's approval.

- Mary Beth Redding is a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, a Fellow in the Conference of Consulting Actuaries, and an Enrolled Actuary. She has over 30 years experience as an actuary working with pension and OPEB plans. For the past 4 years she has worked exclusively with the public sector.

Mary Beth's expertise is actuarial valuations of OPEB and pension plans and GASB accounting rules relating to those plans.

Mary Beth is currently working with the CCMA, a CalCPA government accounting committee, on GASB 68 and 75 implementation. She assisted in writing "Implementing GASB Statement No. 68 Accounting and Financial Reporting for Pensions A CCMA White Paper For California Local Governments" and is a frequent speaker on the topic.

All of Mary Beth's clients are public agencies, primarily located in California. Mary Beth is a Southern California resident.

- Tak Frazita is an Associate of the Society of Actuaries, a Member of the American Academy of Actuaries, and an Enrolled Actuary under ERISA. All of Tak's other clients are California public agencies, for whom he performs actuarial OPEB and pension plan actuarial valuations.
- John Bartel is an Associate of the Society of Actuaries, a Fellow of the Conference of Actuaries, and a Member of the American Academy of Actuaries. He has extensive public sector experience with GASB 45 and retirement consulting with over 300 public entities in California. He has appeared before county boards of supervisors, city councils, and public agency boards of directors and is known for his clarity.

John has been the lead actuary for the majority of the agencies listed in this proposal, including OPEB and retirement plan valuations..

## SECTION 5

### PROJECT STAFFING

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- The actuaries assigned to the project team are qualified to undertake the project in accordance with the Code of Professional Conduct of the American Academy of Actuaries and the Society of Actuaries and to issue Statements of Actuarial Opinion in accordance with the Qualification Standards of the American Academy of Actuaries.

The project team will be assisted by our actuarial analyst staff. Biographies of project team members and their actuarial credentials are included in Appendix A.

## SECTION 6

### PROPOSAL COST SHEET AND RATES

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*In this section, include the proposed costs to provide the services desired. Include any other cost and price information that would be contained in a potential agreement with the City. In addition, include the costs for any other services that are considered optional additions.*

#### Actuarial Valuation fee quote

Our fees are a function of the hours worked by each professional on a project and their hourly billing rates.

Following are the fees that would be charged for the contract period under each of the timing options outlined in Section 3.

#### Option 1. “End of Year Measurement Date”

| Fiscal Yr End | Accounting Standard | Measurement Date | Actuarial Valuation Date      | Basic Valuation Fees | Full Consulting Valuation Fees |
|---------------|---------------------|------------------|-------------------------------|----------------------|--------------------------------|
| 6/30/16       | GASB 45             | N/A              | 6/30/15                       | \$7,000              | \$11,500                       |
| 6/30/17       | GASB 45             | N/A              | 6/30/15                       | 0                    | 0                              |
| 6/30/18       | GASB 75             | 6/30/18          | 6/30/17 (6/30/18 measurement) | 7,500                | 11,500                         |
| 6/30/19       | GASB 75             | 6/30/19          | 6/30/17 (updated 6/30/19)     | 2,200                | 2,200                          |
| 6/30/20       | GASB 75             | 6/30/20          | 6/30/19 (6/30/20 measurement) | 7,800                | 12,100                         |
| <b>Total</b>  |                     |                  |                               | <b>24,500</b>        | <b>37,300</b>                  |

#### Option 2. “Beginning of Year Measurement Date”

| Fiscal Yr End | Accounting Standard | Measurement Date | Actuarial Valuation Date  | Basic Valuation Fees | Full Consulting Valuation Fees |
|---------------|---------------------|------------------|---------------------------|----------------------|--------------------------------|
| 6/30/16       | GASB 45             | N/A              | 6/30/15                   | \$7,000              | \$11,500                       |
| 6/30/17       | GASB 45             | N/A              | 6/30/15                   | 0                    | 0                              |
| 6/30/18       | GASB 75             | 6/30/17          | 6/30/17                   | 7,500                | 11,500                         |
| 6/30/19       | GASB 75             | 6/30/18          | 6/30/17 (updated 6/30/18) | 2,200                | 2,200                          |
| 6/30/20       | GASB 75             | 6/30/19          | 6/30/19                   | 7,800                | 12,100                         |
| <b>Total</b>  |                     |                  |                           | <b>\$24,500</b>      | <b>\$37,300</b>                |

## SECTION 6

### PROPOSAL COST SHEET AND RATES

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**Option 3. “Triennial Valuation Plus Beginning of Year Measurement Date”** If permitted by your auditors

| <b>Fiscal Yr End</b> | <b>Accounting Standard</b> | <b>Measurement Date</b> | <b>Actuarial Valuation Date</b> | <b>Basic Valuation Fees</b> | <b>Full Consulting Valuation Fees</b> |
|----------------------|----------------------------|-------------------------|---------------------------------|-----------------------------|---------------------------------------|
| 6/30/16              | GASB 45                    | N/A                     | 4/1/13                          | N/A                         | N/A                                   |
| 6/30/17              | GASB 45                    | N/A                     | 6/30/16                         | \$7,000                     | \$11,500                              |
| 6/30/18              | GASB 75                    | 6/30/17                 | 6/30/16 (updated 6/30/17)       | 2,200                       | 2,200                                 |
| 6/30/19              | GASB 75                    | 6/30/18                 | 6/30/18                         | 7,500                       | 11,500                                |
| 6/30/20              | GASB 75                    | 6/30/19                 | 6/30/18 (updated 6/30/19)       | 2,400                       | 2,400                                 |
| <b>Total</b>         |                            |                         |                                 | <b>\$19,100</b>             | <b>\$27,600</b>                       |

The fees above are based on the hourly rates below. We expect rates to increase each year with CPI.

| Team Member                  | 2016 Hourly Rate |
|------------------------------|------------------|
| Vice President (Redding)     | \$260            |
| Assistant Vice President     | \$230            |
| Associate Actuary (Frazita)  | \$180            |
| Actuarial Analyst            | \$130            |
| Partner & President (Bartel) | \$310            |

Note that our fee estimate assumes that:

- Participant census data requested will be provided completely and accurately in an Excel spreadsheet with one record per participant.
- All plan and financial information requested will be provided and is internally consistent.
- We will have one meeting with the City to review preliminary valuation results. If the Basic Valuation is selected, hourly rates will apply for any in-person meeting.
- There will be no additional charges for expenses (e.g., travel, telephone, copying, etc.). The hourly rates listed above include our costs for these items.
- We will invoice the City monthly based on time incurred, subject to the above maximum fee.



## **APPENDIX A**

### **TEAM BIOGRAPHIES AND ACTUARIAL CERTIFICATIONS**

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**MARY BETH REDDING, Vice President, Partner**

**Role: Supervising Actuary**

With over 30 years in employee benefits, Mary Beth has served as retirement consultant for a wide range of public agencies, corporations, government contractors, and nonprofit organizations. Mary Beth excels in understanding her client's benefit programs and communicating clearly so clients can make the best decisions possible for their organizations.

Mary Beth's experience includes:

- Government and corporate pension and retiree medical plan consulting, valuation and financial modeling and analysis
- Experience studies and actuarial audits
- Employee communications, plan amendments, and summary plan descriptions
- GASB, FASB, CASB, and IAS accounting valuations
- Qualified retirement and retiree medical plan design, administration, and compliance
- Nonqualified executive retirement plan design and financial analysis
- Asset liability modeling
- Employee benefit merger and acquisition consulting
- Legislation analysis and financial modeling for post-employment benefits
- Current event communication through articles and website postings.
- 
- **Professional Activities**
- 
- Speaker for Enrolled Actuaries meeting, professional conferences (IPMA-HR, CSMFO, PELRAC, CalCPA, SACA), retirement boards, retirement committees, boards of directors, and employee groups.

#### **Affiliations/Designations/Education**

- Fellow of the Society of Actuaries
- Member, American Academy of Actuaries
- Enrolled Actuary under ERISA
- Fellow, Conference of Consulting Actuaries
- BS in geology and geophysics, Yale University, New Haven, CT.

# APPENDIX A

## TEAM BIOGRAPHIES AND ACTUARIAL CERTIFICATIONS

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3/18/2016

Directory > Search Directory > MemberDetail - Print

### Mary Elizabeth Redding

#### Personal Information

Mary Elizabeth Redding  
Assistant Vice President  
Bartel Associates LLC  
411 Borel Avenue  
Suite 101  
San Mateo, CA 94402  
United States

Tel: +1(650)377-1617

Fax: 1(650)345-8057

Email: [mbredding@bartel-associates.com](mailto:mbredding@bartel-associates.com)

#### Designations

EA 1986  
FSA 1991  
MAAA 1994  
FCA 2014

#### SOA Continuing Professional Development Requirement

Compliant(2014-2015)

#### Academic Degrees

B.S.

#### Other Professional Designations

#### Industry

Consulting

#### Primary Area of Practice

Retirement

#### Specializations

Employee Health Benefits

#### Society of Actuaries Sections

SOA does not warrant the accuracy, completeness, or timeliness of the information shown. In no event shall the SOA be liable to you or anyone else for any decision made or action taken by you in reliance on such information.

## **APPENDIX A**

### **TEAM BIOGRAPHIES AND ACTUARIAL CERTIFICATIONS**

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**TAK FRAZITA, Associate Actuary**

**Role: Actuarial Support**

#### **Experience/Responsibilities**

Tak works on all phases of pension and OPEB actuarial valuations, including data processing, asset reconciliation, actuarial modeling, and determination of liabilities and contribution levels under GASB 16/25/27/43 and 45. In addition to actuarial valuations, he works on complex projects related to pricing potential benefit changes, forecasting future contribution and benefit levels, and actuarial audits. All of Tak's work is with plans sponsored by public employers – including 1937 Act County Retirement Systems and post-retirement medical plans of agencies with medical care under PEMHCA (CalPERS).

#### **Affiliations/Designations/Education**

- Associate of the Society of Actuaries
- Member, American Academy of Actuaries
- Enrolled Actuary under ERISA
- BA in Applied Mathematics, University of California, Berkeley
- MS in Statistics, University of California, Los Angeles

# APPENDIX A

## TEAM BIOGRAPHIES AND ACTUARIAL CERTIFICATIONS

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4/26/2016

Directory > Search Directory > MemberDetail - Print

### Takanobu Frazita

#### Personal Information

Takanobu Frazita  
Associate Actuary  
Bartel Associates LLC  
411 Borel Avenue  
Suite 101  
San Mateo, CA 94402  
United States

Tel: +1(650)377-1619  
Fax: 1(650)345-8057  
Email: [tfrazita@bartel-associates.com](mailto:tfrazita@bartel-associates.com)

#### Designations

ASA 2010  
MAAA 2010  
EA 2015

#### SOA Continuing Professional Development Requirement

Compliant(2014-2015)

#### Academic Degrees

B.A.  
M.S.

#### Other Professional Designations

#### Industry

Consulting

#### Primary Area of Practice

Retirement

#### Specializations

#### Society of Actuaries Sections

Health  
Pension

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## **APPENDIX A**

### **TEAM BIOGRAPHIES AND ACTUARIAL CERTIFICATIONS**

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#### **JOHN E. BARTEL, President**

**Role: Peer Review**

With over 30 years in employee benefits, John focuses on pension consulting for a wide variety of public and private sector clients. He founded Bartel Associates to serve public sector agencies, emphasizing quality, personal attention, and clear results at reasonable fees. Clients rely on John's ability to apply complex regulations in understandable ways.

John Bartel is a member of the special task force which assisted the Governmental Accounting Standards Board (GASB) in drafting the new OPEB accounting Statements 74 and 75, and he was also a member of the task force for the original GASB Statement 45. He was directly involved in the statements' development.

John is one of 2 actuaries appointed by the Governor to the California Actuarial Advisory Panel (CAAP). CAAP provides impartial, independent information on pensions, other postemployment benefits, and best practices to California public agencies. He served as consultant for the former governor's Public Employee Post-Employment Benefits Commission, charged with review of policy regarding the State's public employee retirement benefits.

He specializes in:

- CalPERS public agency consulting
- Clarifying actuarial, accounting, and regulatory issues for clients
- Retiree healthcare plan valuation, study, and design
- Retirement plan review, valuation, and design
- Employee benefit merger and acquisition issues.

■

#### **Professional Activities**

- Publications include "GASB: Other (Than Pensions) Post employment Benefits Plan Sponsor Reporting and Disclosure", "Is A DROP Plan Right for Your Organization?", "Understanding the Impact of the New CalPERS Public Safety Benefits".
- Speaker at meetings for Enrolled Actuaries, Society of Actuaries, Conference of Consulting Actuaries, League of California Cities, California Society of CPAs, California Public Employee Labor Relations Association, and California Society of Municipal Finance Officers, National Council of State Legislatures, and the Public Retirement Journal.

#### **Affiliations/Designations/Education**

- Associate of the Society of Actuaries
- Member, American Academy of Actuaries
- Fellow of the Conference of Consulting Actuaries
- BS in mathematics, California State University, Chico, CA.

# APPENDIX A

## TEAM BIOGRAPHIES AND ACTUARIAL CERTIFICATIONS

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3/18/2016

Directory > Search Directory > MemberDetail - Print

| John E Bartel  |  |
|--|--|
| <b>Personal Information</b><br>John E Bartel<br>Bartel Associates LLC<br>411 Borel Avenue<br>Suite 101<br>San Mateo, CA 94402<br>United States<br><br>Tel: +(650) 377-1601<br>Fax: (650) 345-8057<br>Email: <a href="mailto:JBartel@bartel-associates.com">JBartel@bartel-associates.com</a> | <b>Designations</b><br>ASA 1980<br>MAAA 1981<br>FCA 2003<br><br><b>SOA Continuing Professional Development Requirement</b><br>Compliant(2014-2015)<br><br><b>Academic Degrees</b><br>B.S.<br><br><b>Other Professional Designations</b><br><br><br><b>Industry</b><br>Consulting<br><br><b>Primary Area of Practice</b><br>Retirement<br><br><b>Specializations</b><br>Employee Health Benefits<br>Investments<br><br><b>Society of Actuaries Sections</b><br>Entrepreneurial Actuaries<br>Health<br>Pension |

SOA does not warrant the accuracy, completeness, or timeliness of the information shown. In no event shall the SOA be liable to you or anyone else for any decision made or action taken by you in reliance on such information.

## APPENDIX B

### BARTEL ASSOCIATES' GASB 45 CLIENTS

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|   |  |
|---|--|
| Alameda Corridor Transportation Authority | City of Santa Fe Springs               |
| Alameda County Fire Department            | City of Santa Rosa                     |
| Alameda County Water District             | City of Solana Beach                   |
| American Canyon Fire Protection District  | City of South Lake Tahoe               |
| Aptos/La Selva Fire Protection District   | City of South San Francisco            |
| Association of Bay Area Governments       | City of Stanton                        |
| Bay Area Air Quality Management District  | City of Stockton                       |
| Belmont San Carlos Fire District          | City of Sunnyvale                      |
| Calleguas Municipal Water District        | City of Temple City                    |
| CalOptima                                 | City of Torrance                       |
| Central Contra Costa Sanitary District    | City of Tustin                         |
| Central County Fire Department            | City of Union City                     |
| Chino Valley Independent Fire District    | City of Upland                         |
| City of Alameda                           | City of Vallejo                        |
| City of Alhambra                          | City of Victorville                    |
| City of Antioch                           | City of West Covina                    |
| City of Azusa                             | City of West Hollywood                 |
| City of Belmont                           | City of West Sacramento                |
| City of Bishop                            | City of Westlake Village               |
| City of Brea                              | City of Westminster                    |
| City of Brentwood                         | City of Whittier                       |
| City of Brisbane                          | City of Yuba City                      |
| City of Buena Park                        | Coachella Valley Water District        |
| City of Burbank                           | Community Redevelopment Agency of LA   |
| City of Burlingame                        | Contra Costa County Public Law Library |
| City of Campbell                          | Contra Costa Transportation Authority  |
| City of Cathedral City                    | County of Amador                       |
| City of Chico                             | County of Colusa                       |
| City of Chino Hills                       | City of Santa Clarita                  |
| City of Chula Vista                       | County of El Dorado                    |
| City of Citrus Heights                    | County of Madera                       |
| City of Coachella                         | County of Modoc                        |
| City of Commerce                          | County of Monterey                     |
| City of Compton                           | County of Napa                         |
| City of Concord                           | County of Nevada                       |
| City of Corona                            | County of Orange                       |

## APPENDIX B

### BARTEL ASSOCIATES' GASB 45 CLIENTS

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|                          |  |
|--------------------------|--|
| City of Costa Mesa       | County of Placer                               |
| City of Culver City      | County of Santa Cruz                           |
| City of Cupertino        | County of Shasta                               |
| City of Cypress          | County of Siskiyou                             |
| City of Daly City        | County of Solano                               |
| City of Davis            | County of Sutter                               |
| City of Dixon            | County of Tulare                               |
| City of Duarte           | County of Tuolumne                             |
| City of Dublin           | County of Yolo                                 |
| City of El Centro        | County of Yuba                                 |
| City of El Segundo       | Cucamonga Valley Water District                |
| City of Encinitas        | Delta Diablo Sanitation District               |
| City of Fairfield        | Dublin San Ramon Services District             |
| City of Fort Bragg       | East Bay Regional Park District                |
| City of Foster City      | Eastern Municipal Water District               |
| City of Fountain Valley  | Eastern Sierra Community Services District     |
| City of Fremont          | Golden Sierra Job Training Agency              |
| City of Gilroy           | Helix Water District                           |
| City of Glendale         | Ironhouse Sanitation District                  |
| City of Glendora         | Irvine Ranch Water District                    |
| City of Half Moon Bay    | Local and Regional Government Authorities      |
| City of Hawaiian Gardens | Los Altos Unified School District              |
| City of Healdsburg       | Los Angeles County Sanitation District         |
| City of Hemet            | Marin County Housing Authority                 |
| City of Hercules         | Marin Municipal Water District                 |
| City of Hermosa Beach    | McCloud Community Services District            |
| City of Hesperia         | Menlo Park Fire Protection District            |
| City of Huntington Beach | Metropolitan Water District of Southern CA     |
| City of Huntington Park  | Midpeninsula Regional Open Space District      |
| City of Inglewood        | Monte Vista County Water District              |
| City of La Habra         | Moraga-Orinda Fire District                    |
| City of La Puente        | Mt. Diablo Unified School District             |
| City of Livermore        | Napa County Transportation and Planning Agency |
| City of Lompoc           | McCloud Community Services District            |
| City of Long Beach       | Menlo Park Fire Protection District            |



## APPENDIX B

### BARTEL ASSOCIATES' GASB 45 CLIENTS

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|                       |   |
|-----------------------|---|
| City of Los Altos     | Nevada Irrigation District                                      |
| City of Lynwood       | North Coast County Water District                               |
| City of Madera        | North Orange County Community College District                  |
| City of Manteca       | North Tahoe Fire Protection District                            |
| City of Martinez      | Orange County Transportation Authority                          |
| City of Menlo Park    | Otay Water District   |
| City of Merced        | Palm Springs Desert Resort CVA                                  |
| City of Mill Valley   | Palo Alto Unified School District                               |
| City of Millbrae      | Peralta Community College District                              |
| City of Mission Viejo | Placer County Water Agency                                      |
| City of Monrovia      | Port of Stockton  |
| City of Monte Sereno  | Rancho Cucamonga Fire District                                  |
| City of Montclair     | Redwood Empire Municipal Insurance Fund                         |
| City of Monterey      | Riverside County Transportation Commission                      |
| City of Moorpark      | Rodeo Hercules Fire Protection District                         |
| City of Moreno Valley | Ross Valley Sanitary District                                   |
| City of Napa          | Sacramento Metropolitan Fire Protection District                |
| City of Newark        | Sacramento Regional Fire Communications Center                  |
| City of Newport Beach | Salinas Valley Solid Waste Authority                            |
| City of Norco         | San Bernardino Municipal Water Department                       |
| City of Novato        | San Diego County Water Authority                                |
| City of Ontario       | San Francisco Bay Area Water Emergency Transportation Authority |
| City of Oroville      | San Francisco County Transportation Authority                   |
| City of Palo Alto     | San Francisco Redevelopment Agency                              |
| City of Paramount     | San Mateo County Transit District                               |
| City of Patterson     | San Ramon Valley Fire Protection District                       |
| City of Petaluma      | Santa Cruz Metropolitan Transit District                        |
| City of Pico Rivera   | Santa Cruz Regional 9-1-1                                       |
| City of Piedmont      | Scotts Valley Fire Protection District                          |
| City of Pinole        | Solano County Water Agency                                      |
| City of Pismo Beach   | South Coast Water District                                      |
| City of Pittsburg     | South County Fire Protection Authority                          |
| City of Pleasanton    | Southern California Association of Governments                  |
| City of Pomona        | Southern California Regional Rail Authority                     |

## APPENDIX B

### BARTEL ASSOCIATES' GASB 45 CLIENTS

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|                          |   |
|--------------------------|---|
| City of Rancho Cucamonga | Stanislaus County Housing Authority           |
| City of Redding          | State of Maine                                |
| City of Redondo Beach    | Stege Sanitary District                       |
| City of Redwood City     | Sweetwater Authority                          |
| City of Richmond         | Tamalpais Union High School District          |
| City of Riverside        | Town of Corte Madera                          |
| City of Rocklin          | Town of Hillsborough                          |
| City of Rohnert Park     | Town of Los Altos Hills                       |
| City of Roseville        | Town of Los Gatos                             |
| City of Sacramento       | Town of Ross                                  |
| City of Salinas          | Town of Windsor                               |
| City of San Bernardino   | Town of Yountville                            |
| City of San Carlos       | Tuolumne Utilities District                   |
| City of San Gabriel      | United Water Conservation District            |
| City of San Jose         | Ventura County Transportation Commission      |
| City of San Leandro      | West Basin Municipal Water District           |
| City of San Luis Obispo  | West Valley Sanitation District               |
| City of San Marcos       | Westborough Water District                    |
| City of San Mateo        | Wheeler-Ridge Maricopa Water Storage District |
| City of San Rafael       | Windsor Fire Protection District              |
| City of Sand City        | Yolo County Transportation District           |
| City of Santa Ana        | Yolo-Solano Air Quality Management District   |
| City of Santa Clara      | Yuba County Water Agency                      |
| City of Santa Clarita    |   |



## PROFESSIONAL SERVICES AGREEMENT

### Bartel Associates, LLC

Actuarial Services

THIS PROFESSIONAL SERVICES AGREEMENT ("Agreement") is made and entered into this 18<sup>th</sup> day of June 2016 (hereinafter, the "Effective Date"), by and between the CITY OF SAN FERNANDO, a municipal corporation ("CITY") and Bartel Associates, a Limited Liability Corporation (hereinafter, "CONSULTANT"). For the purposes of this Agreement CITY and CONSULTANT may be referred to collectively by the capitalized term "Parties." The capitalized term "Party" may refer to CITY or CONSULTANT interchangeably.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions herein contained, CITY and CONSULTANT agree as follows:

### **I. ENGAGEMENT TERMS**

- 1.1 **SCOPE OF SERVICES:** Subject to the terms and conditions set forth in this Agreement and all exhibits attached and incorporated hereto, CONSULTANT agrees to perform the services and tasks set forth in **Exhibit "A"** (hereinafter referred to as the "**Scope of Services**"). CONSULTANT further agrees to furnish to CITY all labor, materials, tools, supplies, equipment, services, tasks and incidental and customary work necessary to competently perform and timely complete the services and tasks set forth in the Scope of Services. For the purposes of this Agreement the aforementioned services and tasks set forth in the Scope of Services shall hereinafter be referred to generally by the capitalized term "Work."
- 1.2 **TERM:** This Agreement shall have a term of Five (5) years commencing from the "EFFECTIVE DATE." Nothing in this Section shall operate to prohibit or otherwise restrict the CITY's ability to terminate this Agreement at any time for convenience or for cause
- 1.3 **COMPENSATION:**
  - A. CONSULTANT shall perform the various services and tasks set forth in the Scope of Services in accordance with the compensation schedule which is attached as Exhibit B (hereinafter, the "Approved Rate Schedule").
  - B. Section 1.3(A) notwithstanding, CONSULTANT's total compensation during the Term of this Agreement or any extension term shall not exceed the budgeted aggregate sum of \$24,500 (hereinafter, the "Not-to-Exceed Sum"), unless such added expenditure is first approved by the City Manager and Finance Director. In the event CONSULTANT's charges are projected to exceed the Not-to-Exceed

# PROFESSIONAL SERVICES AGREEMENT

Actuarial Valuation Services

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Sum prior to the expiration of the Term or any single extension term, CITY may suspend CONSULTANT's performance pending CITY approval of any anticipated expenditures in excess of the Not-to-Exceed Sum or any other CITY-approved amendment to the compensation terms of this Agreement.

1.4 PAYMENT OF COMPENSATION: Following the conclusion of each calendar month, CONSULTANT shall submit to CITY an itemized invoice indicating the services and tasks performed during the recently concluded calendar month, including services and tasks performed and the reimbursable out-of-pocket expenses incurred. If the amount of CONSULTANT's monthly compensation is a function of hours worked by CONSULTANT's personnel, the invoice shall indicate the number of hours worked in the recently concluded calendar month, the persons responsible for performing the Work, the rate of compensation at which such services and tasks were performed, the subtotal for each task and service performed and a grand total for all services performed. Within thirty (30) calendar days of receipt of each invoice, CITY shall notify CONSULTANT in writing of any disputed amounts included in the invoice. Within forty-five (45) calendar day of receipt of each invoice, CITY shall pay all undisputed amounts included on the invoice. CITY shall not withhold applicable taxes or other authorized deductions from payments made to CONSULTANT.

1.5 ACCOUNTING RECORDS: CONSULTANT shall maintain complete and accurate records with respect to all matters covered under this Agreement for a period of three (3) years after the expiration or termination of this Agreement. CITY shall have the right to access and examine such records, without charge, during normal business hours. CITY shall further have the right to audit such records, to make transcripts therefrom and to inspect all program data, documents, proceedings, and activities.

1.6 ABANDONMENT BY CONSULTANT: In the event CONSULTANT ceases to perform the Work agreed to under this Agreement or otherwise abandons the undertaking contemplated herein prior to the expiration of this Agreement or prior to completion of any or all tasks set forth in the Scope of Services, CONSULTANT shall deliver to CITY immediately and without delay, all materials, records and other work product prepared or obtained by CONSULTANT in the performance of this Agreement. Furthermore, CONSULTANT shall only be compensated for the reasonable value of the services, tasks and other work performed up to the time of cessation or abandonment, less a deduction for any damages, costs or additional expenses which CITY may incur as a result of CONSULTANT's cessation or abandonment.

## II. PERFORMANCE OF AGREEMENT

2.1 CITY'S REPRESENTATIVES: The CITY hereby designates the City Manager and Finance Director (hereinafter, the "CITY Representatives") to act as its representatives for the

# PROFESSIONAL SERVICES AGREEMENT

## Actuarial Valuation Services

Page 3 of 17

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performance of this Agreement. The City Manager shall be the chief CITY Representative. The CITY Representatives or their designee shall act on behalf of the CITY for all purposes under this Agreement. CONSULTANT shall not accept directions or orders from any person other than the CITY Representatives or their designee.

2.2 CONSULTANT REPRESENTATIVE: CONSULTANT hereby designates Mary Elizabeth Redding to act as its representative for the performance of this Agreement (hereinafter, "CONSULTANT Representative"). CONSULTANT Representative shall have full authority to represent and act on behalf of the CONSULTANT for all purposes under this Agreement. CONSULTANT Representative or his designee shall supervise and direct the performance of the Work, using his best skill and attention, and shall be responsible for all means, methods, techniques, sequences and procedures and for the satisfactory coordination of all portions of the Work under this Agreement. Notice to the CONSULTANT Representative shall constitute notice to CONSULTANT.

2.3 COORDINATION OF SERVICE; CONFORMANCE WITH REQUIREMENTS: CONSULTANT agrees to work closely with CITY staff in the performance of the Work and this Agreement and shall be available to CITY staff and the CITY Representatives at all reasonable times. All work prepared by CONSULTANT shall be subject to inspection and approval by CITY Representatives or their designees.

2.4 STANDARD OF CARE; PERFORMANCE OF EMPLOYEES: CONSULTANT represents, acknowledges and agrees to the following:

- A. CONSULTANT shall perform all Work skillfully, competently and to the highest standards of CONSULTANT's profession;
- B. CONSULTANT shall perform all Work in a manner reasonably satisfactory to the CITY;
- C. CONSULTANT shall comply with all applicable federal, state and local laws and regulations, including the conflict of interest provisions of Government Code Section 1090 and the Political Reform Act (Government Code Section 81000 et seq.);
- D. CONSULTANT understands the nature and scope of the Work to be performed under this Agreement as well as any and all schedules of performance;
- E. All of CONSULTANT's employees and agents possess sufficient skill, knowledge, training and experience to perform those services and tasks assigned to them by CONSULTANT; and



## PROFESSIONAL SERVICES AGREEMENT

Actuarial Valuation Services

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- F. All of CONSULTANT's employees and agents (including but not limited to subcontractors and subconsultants) possess all licenses, permits, certificates, qualifications and approvals of whatever nature that are legally required to perform the tasks and services contemplated under this Agreement and all such licenses, permits, certificates, qualifications and approvals shall be maintained throughout the term of this Agreement and made available to CITY for copying and inspection.

The Parties acknowledge and agree that CONSULTANT shall perform, at CONSULTANT's own cost and expense and without any reimbursement from CITY, any services necessary to correct any errors or omissions caused by CONSULTANT's failure to comply with the standard of care set forth under this Section or by any like failure on the part of CONSULTANT's employees, agents, contractors, subcontractors and subconsultants. Such effort by CONSULTANT to correct any errors or omissions shall be commenced immediately upon their discovery by either Party and shall be completed within seven (7) calendar days from the date of discovery or such other extended period of time authorized by the CITY Representatives in writing and in their sole and absolute discretion. The Parties acknowledge and agree that CITY's acceptance of any work performed by CONSULTANT or on CONSULTANT's behalf shall not constitute a release of any deficiency or delay in performance. The Parties further acknowledge, understand and agree that CITY has relied upon the foregoing representations of CONSULTANT, including but not limited to the representation that CONSULTANT possesses the skills, training, knowledge and experience necessary to perform the Work skillfully, competently and to the highest standards of CONSULTANT's profession.

- 2.5 ASSIGNMENT: The skills, training, knowledge and experience of CONSULTANT are material to CITY's willingness to enter into this Agreement. Accordingly, CITY has an interest in the qualifications and capabilities of the person(s) who will perform the services and tasks to be undertaken by CONSULTANT or on behalf of CONSULTANT in the performance of this Agreement. In recognition of this interest, CONSULTANT agrees that it shall not assign or transfer, either directly or indirectly or by operation of law, this Agreement or the performance of any of CONSULTANT's duties or obligations under this Agreement without the prior written consent of the CITY. In the absence of CITY's prior written consent, any attempted assignment or transfer shall be ineffective, null and void and shall constitute a material breach of this Agreement.

- 2.6 CONTROL AND PAYMENT OF SUBORDINATES; INDEPENDENT CONTRACTOR: The Work shall be performed by CONSULTANT or under CONSULTANT's strict supervision. CONSULTANT will determine the means, methods and details of performing the Work subject to the requirements of this Agreement. CITY retains CONSULTANT on an independent contractor basis and not as an employee. CONSULTANT reserves the right to perform similar or different services for other principals during the term of this

## PROFESSIONAL SERVICES AGREEMENT

### Actuarial Valuation Services

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Agreement, provided such work does not unduly interfere with CONSULTANT's competent and timely performance of the Work contemplated under this Agreement and provided the performance of such services does not result in the unauthorized disclosure of CITY's confidential or proprietary information. Any additional personnel performing the Work under this Agreement on behalf of CONSULTANT are not employees of CITY and shall at all times be under CONSULTANT's exclusive direction and control. CONSULTANT shall pay all wages, salaries and other amounts due such personnel and shall assume responsibility for all benefits, payroll taxes, Social Security and Medicare payments and the like. CONSULTANT shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: Social Security taxes, income tax withholding, unemployment insurance, disability insurance, workers' compensation insurance and the like.

- 2.7 REMOVAL OF EMPLOYEES OR AGENTS: If any of CONSULTANT's officers, employees, agents, contractors, subcontractors or subconsultants is determined by the CITY Representatives to be uncooperative, incompetent, a threat to the adequate or timely performance of the tasks assigned to CONSULTANT, a threat to persons or property, or if any of CONSULTANT's officers, employees, agents, contractors, subcontractors or subconsultants fail or refuse to perform the Work in a manner acceptable to the CITY, such officer, employee, agent, contractor, subcontractor or subconsultant shall be promptly removed by CONSULTANT and shall not be re-assigned to perform any of the Work.
- 2.8 COMPLIANCE WITH LAWS: CONSULTANT shall keep itself informed of and in compliance with all applicable federal, State or local laws to the extent such laws control or otherwise govern the performance of the Work. CONSULTANT's compliance with applicable laws shall include without limitation compliance with all applicable Cal/OSHA requirements.
- 2.9 NON-DISCRIMINATION: In the performance of this Agreement, CONSULTANT shall not discriminate against any employee, subcontractor, subconsultant, or applicant for employment because of race, color, creed, religion, sex, marital status, sexual orientation, national origin, ancestry, age, physical or mental disability or medical condition.
- 2.10. INDEPENDENT CONTRACTOR STATUS: The Parties acknowledge, understand and agree that CONSULTANT and all persons retained or employed by CONSULTANT are, and shall at all times remain, wholly independent contractors and are not officials, officers, employees, departments or subdivisions of CITY. CONSULTANT shall be solely responsible for the negligent acts and/or omissions of its employees, agents, contractors, subcontractors and subconsultants. CONSULTANT and all persons retained or employed by CONSULTANT shall have no authority, express or implied, to bind CITY in

# PROFESSIONAL SERVICES AGREEMENT

Actuarial Valuation Services

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any manner, nor to incur any obligation, debt or liability of any kind on behalf of, or against, CITY, whether by contract or otherwise, unless such authority is expressly conferred to CONSULTANT under this Agreement or is otherwise expressly conferred by CITY in writing.

## III. INSURANCE

3.1 DUTY TO PROCURE AND MAINTAIN INSURANCE: Prior to the beginning of and throughout the duration of the Work, CONSULTANT will procure and maintain policies of insurance that meet the requirements and specifications set forth under this Article. CONSULTANT shall procure and maintain the following insurance coverage, at its own expense:

- A. Commercial General Liability Insurance: CONSULTANT shall procure and maintain Commercial General Liability Insurance ("CGL Coverage") as broad as Insurance Services Office Commercial General Liability coverage (occurrence Form CG 0001) or its equivalent. Such CGL Coverage shall have minimum limits of no less than One Million Dollars (\$1,000,000.00) per occurrence and Two Million Dollars (\$2,000,000.00) in the general aggregate for bodily injury, personal injury, property damage, operations, products and completed operations, and contractual liability.
- B. Automobile Liability Insurance: CONSULTANT shall procure and maintain Automobile Liability Insurance as broad as Insurance Services Office Form Number CA 0001 covering Automobile Liability, Code 1 (any auto). Such Automobile Liability Insurance shall have minimum limits of no less than One Million Dollars (\$1,000,000.00) per accident for bodily injury and property damage.
- C. Workers' Compensation Insurance/ Employer's Liability Insurance: A policy of workers' compensation insurance in such amount as will fully comply with the laws of the State of California and which shall indemnify, insure and provide legal defense for both CONSULTANT and CITY against any loss, claim or damage arising from any injuries or occupational diseases occurring to any worker employed by or any persons retained by CONSULTANT in the course of carrying out the Work contemplated in this Agreement.
- D. Errors & Omissions Insurance: For the full term of this Agreement and for a period of three (3) years thereafter, CONSULTANT shall procure and maintain Errors and Omissions Liability Insurance appropriate to CONSULTANT's profession. Such coverage shall have minimum limits of no less than One Million



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Dollars (\$1,000,000.00) per occurrence and shall be endorsed to include contractual liability.

- 3.2 ADDITIONAL INSURED REQUIREMENTS: The CGL Coverage and the Automobile Liability Insurance shall contain an endorsement naming the CITY and CITY's elected and appointed officials, officers, employees, agents and volunteers as additional insureds.
- 3.3 REQUIRED CARRIER RATING: All varieties of insurance required under this Agreement shall be procured from insurers admitted in the State of California and authorized to issue policies directly to California insureds. Except as otherwise provided elsewhere under this Article, all required insurance shall be procured from insurers who, according to the latest edition of the Best's Insurance Guide, have an A.M. Best's rating of no less than A:VII. CITY may also accept policies procured by insurance carriers with a Standard & Poor's rating of no less than BBB according to the latest published edition the Standard & Poor's rating guide. As to Workers' Compensation Insurance/ Employer's Liability Insurance, the CITY Representatives are authorized to authorize lower ratings than those set forth in this Section.
- 3.4 PRIMACY OF CONSULTANT'S INSURANCE: All policies of insurance provided by CONSULTANT shall be primary to any coverage available to CITY or CITY's elected or appointed officials, officers, employees, agents or volunteers. Any insurance or self-insurance maintained by CITY or CITY's elected or appointed officials, officers, employees, agents or volunteers shall be in excess of CONSULTANT's insurance and shall not contribute with it.
- 3.5 WAIVER OF SUBROGATION: All insurance coverage provided pursuant to this Agreement shall not prohibit CONSULTANT or CONSULTANT's officers, employees, agents, subcontractors or subconsultants from waiving the right of subrogation prior to a loss. CONSULTANT hereby waives all rights of subrogation against CITY.
- 3.6 VERIFICATION OF COVERAGE: CONSULTANT acknowledges, understands and agrees, that CITY's ability to verify the procurement and maintenance of the insurance required under this Article is critical to safeguarding CITY's financial well-being and, indirectly, the collective well-being of the residents of the CITY. Accordingly, CONSULTANT warrants, represents and agrees that it shall furnish CITY with original certificates of insurance and endorsements evidencing the coverage required under this Article on forms satisfactory to CITY in its sole and absolute discretion. **The certificates of insurance and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf, and shall be on forms provided by the CITY if requested.** All certificates of insurance and endorsements shall be received and approved by CITY as a condition precedent to CONSULTANT's commencement of any work or any of the Work. Upon CITY's written request, CONSULTANT shall also provide CITY with certified copies of all required insurance policies and endorsements.

# PROFESSIONAL SERVICES AGREEMENT

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## IV. INDEMNIFICATION

- 4.1 The Parties agree that CITY and CITY's elected and appointed officials, officers, employees, agents and volunteers (hereinafter, the "CITY Indemnitees") should, to the fullest extent permitted by law, be protected from any and all loss, injury, damage, claim, lawsuit, cost, expense, attorneys' fees, litigation costs, or any other cost arising out of or in any way related to the performance of this Agreement. Accordingly, the provisions of this indemnity provision are intended by the Parties to be interpreted and construed to provide the CITY Indemnitees with the fullest protection possible under the law. CONSULTANT acknowledges that CITY would not enter into this Agreement in the absence of CONSULTANT's commitment to indemnify, defend and protect CITY as set forth herein.
- 4.2 To the fullest extent permitted by law, CONSULTANT shall indemnify, hold harmless and defend the CITY Indemnitees from and against all liability, loss, damage, expense, cost (including without limitation reasonable attorneys' fees, expert fees and all other costs and fees of litigation) of every nature arising out of or in connection with CONSULTANT's performance of work hereunder or its failure to comply with any of its obligations contained in this Agreement, except such loss or damage which is caused by the sole negligence or willful misconduct of the CITY.
- 4.3 CITY shall have the right to offset against the amount of any compensation due CONSULTANT under this Agreement any amount due CITY from CONSULTANT as a result of CONSULTANT's failure to pay CITY promptly any indemnification arising under this Article and related to CONSULTANT's failure to either (i) pay taxes on amounts received pursuant to this Agreement or (ii) comply with applicable workers' compensation laws.
- 4.4 The obligations of CONSULTANT under this Article will not be limited by the provisions of any workers' compensation act or similar act. CONSULTANT expressly waives its statutory immunity under such statutes or laws as to CITY and CITY's elected and appointed officials, officers, employees, agents and volunteers.
- 4.5 CONSULTANT agrees to obtain executed indemnity agreements with provisions identical to those set forth here in this Article from each and every subcontractor or any other person or entity involved by, for, with or on behalf of CONSULTANT in the performance of this Agreement. In the event CONSULTANT fails to obtain such indemnity obligations from others as required herein, CONSULTANT agrees to be fully responsible and indemnify, hold harmless and defend CITY and CITY's elected and appointed officials, officers, employees, agents and volunteers from and against any and all claims and losses, costs or expenses for any damage due to death or injury to any person and injury

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to any property resulting from any alleged intentional, reckless, negligent, or otherwise wrongful acts, errors or omissions of CONSULTANT's subcontractors or any other person or entity involved by, for, with or on behalf of CONSULTANT in the performance of this Agreement. Such costs and expenses shall include reasonable attorneys' fees incurred by counsel of CITY's choice.

4.6 CITY does not, and shall not, waive any rights that it may possess against CONSULTANT because of the acceptance by CITY, or the deposit with CITY, of any insurance policy or certificate required pursuant to this Agreement. This hold harmless and indemnification provision shall apply regardless of whether or not any insurance policies are determined to be applicable to the claim, demand, damage, liability, loss, cost or expense.

4.7 This Article and all provisions contained herein (including but not limited to the duty to indemnify, defend and hold free and harmless) shall survive the termination or normal expiration of this Agreement and is in addition to any other rights or remedies which the CITY may have at law or in equity.

## V. TERMINATION

5.1 TERMINATION WITHOUT CAUSE: CITY may terminate this Agreement at any time for convenience and without cause by giving CONSULTANT a minimum of five (5) calendar days prior written notice of CITY's intent to terminate this Agreement. Upon such termination for convenience, CONSULTANT shall be compensated only for those services and tasks which have been performed by CONSULTANT up to the effective date of the termination. CONSULTANT may not terminate this Agreement except for cause as provided under Section 5.2, below. If this Agreement is terminated as provided herein, CITY may require CONSULTANT to provide all finished or unfinished Documents and Data, as defined in Section 6.1 below, and other information of any kind prepared by CONSULTANT in connection with the performance of the Work. CONSULTANT shall be required to provide such Documents and Data within fifteen (15) calendar days of CITY's written request. No actual or asserted breach of this Agreement on the part of CITY pursuant to Section 5.2, below, shall operate to prohibit or otherwise restrict CITY's ability to terminate this Agreement for convenience as provided under this Section.

### 5.2 EVENTS OF DEFAULT; BREACH OF AGREEMENT:

A. In the event either Party fails to perform any duty, obligation, service or task set forth under this Agreement (or fails to timely perform or properly perform any such duty, obligation, service or task set forth under this Agreement), an event of default (hereinafter, "Event of Default") shall occur. For all Events of Default, the Party alleging an Event of Default shall give written notice to the defaulting Party (hereinafter referred to as a "Default Notice") which shall specify: (i) the

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nature of the Event of Default; (ii) the action required to cure the Event of Default; (iii) a date by which the Event of Default shall be cured, which shall not be less than the applicable cure period set forth under Sections 5.2.B and 5.2C below or if a cure is not reasonably possible within the applicable cure period, to begin such cure and diligently prosecute such cure to completion. The Event of Default shall constitute a breach of this Agreement if the defaulting Party fails to cure the Event of Default within the applicable cure period or any extended cure period allowed under this Agreement.

B. CONSULTANT shall cure the following Events of Defaults within the following time periods:

- i. Within three (3) business days of CITY's issuance of a Default Notice for any failure of CONSULTANT to timely provide CITY or CITY's employees or agents with any information and/or written reports, documentation or work product which CONSULTANT is obligated to provide to CITY or CITY's employees or agents under this Agreement. Prior to the expiration of the 3-day cure period, CONSULTANT may submit a written request for additional time to cure the Event of Default upon a showing that CONSULTANT has commenced efforts to cure the Event of Default and that the Event of Default cannot be reasonably cured within the 3-day cure period. The foregoing notwithstanding, CITY shall be under no obligation to grant additional time for the cure of an Event of Default under this Section 5.2 B.i. that exceeds seven (7) calendar days from the end of the initial 3-day cure period; or
- ii. Within fourteen (14) calendar days of CITY's issuance of a Default Notice for any other Event of Default under this Agreement. Prior to the expiration of the 14-day cure period, CONSULTANT may submit a written request for additional time to cure the Event of Default upon a showing that CONSULTANT has commenced efforts to cure the Event of Default and that the Event of Default cannot be reasonably cured within the 14-day cure period. The foregoing notwithstanding, CITY shall be under no obligation to grant additional time for the cure of an Event of Default under this Section 5.2B.ii that exceeds thirty (30) calendar days from the end of the initial 14-day cure period.

In addition to any other failure on the part of CONSULTANT to perform any duty, obligation, service or task set forth under this Agreement (or the failure to timely perform or properly perform any such duty, obligation, service or task), an Event of Default on the part of CONSULTANT shall include, but shall not be limited to the following: (i) CONSULTANT's refusal or failure to perform any of the services or tasks called for under the Scope of Services; (ii) CONSULTANT's failure to fulfill or perform its



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obligations under this Agreement within the specified time or if no time is specified, within a reasonable time; (iii) CONSULTANT's and/or its employees' disregard or violation of any federal, state, local law, rule, procedure or regulation; (iv) the initiation of proceedings under any bankruptcy, insolvency, receivership, reorganization, or similar legislation as relates to CONSULTANT, whether voluntary or involuntary; (v) CONSULTANT's refusal or failure to perform or observe any covenant, condition, obligation or provision of this Agreement; and/or (vii) CITY's discovery that a statement representation or warranty by CONSULTANT relating to this Agreement is false, misleading or erroneous in any material respect.

C. CITY shall cure any Event of Default asserted by CONSULTANT within forty-five (45) calendar days of CONSULTANT's issuance of a Default Notice, unless the Event of Default cannot reasonably be cured within the 45-day cure period. Prior to the expiration of the 45-day cure period, CITY may submit a written request for additional time to cure the Event of Default upon a showing that CITY has commenced its efforts to cure the Event of Default and that the Event of Default cannot be reasonably cured within the 45-day cure period. The foregoing notwithstanding, an Event of Default dealing with CITY's failure to timely pay any undisputed sums to CONSULTANT as provided under Section 1.4, above, shall be cured by CITY within five (5) calendar days from the date of CONSULTANT's Default Notice to CITY.

D. CITY, in its sole and absolute discretion, may also immediately suspend CONSULTANT's performance under this Agreement pending CONSULTANT's cure of any Event of Default by giving CONSULTANT written notice of CITY's intent to suspend CONSULTANT's performance (hereinafter, a "Suspension Notice"). CITY may issue the Suspension Notice at any time upon the occurrence of an Event of Default. Upon such suspension, CONSULTANT shall be compensated only for those services and tasks which have been rendered by CONSULTANT to the reasonable satisfaction of CITY up to the effective date of the suspension. No actual or asserted breach of this Agreement on the part of CITY shall operate to prohibit or otherwise restrict CITY's ability to suspend this Agreement as provided herein.

E. No waiver of any Event of Default or breach under this Agreement shall constitute a waiver of any other or subsequent Event of Default or breach. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

F. The duties and obligations imposed under this Agreement and the rights and remedies available hereunder shall be in addition to and not a limitation of any

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duties, obligations, rights and remedies otherwise imposed or available by law. In addition to any other remedies available to CITY at law or under this Agreement in the event of any breach of this Agreement, CITY, in its sole and absolute discretion, may also pursue any one or more of the following remedies:

- i. Upon written notice to CONSULTANT, the CITY may immediately terminate this Agreement in whole or in part;
- ii. Upon written notice to CONSULTANT, the CITY may extend the time of performance;
- iii. The CITY may proceed by appropriate court action to enforce the terms of the Agreement to recover damages for CONSULTANT's breach of the Agreement or to terminate the Agreement; or
- iv. The CITY may exercise any other available and lawful right or remedy.

CONSULTANT shall be liable for all legal fees plus other costs and expenses that CITY incurs upon a breach of this Agreement or in the CITY's exercise of its remedies under this Agreement.

G. In the event CITY is in breach of this Agreement, CONSULTANT's sole remedy shall be the suspension or termination of this Agreement and/or the recovery of any unpaid sums lawfully owed to CONSULTANT under this Agreement for completed services and tasks.

5.3 SCOPE OF WAIVER: No waiver of any default or breach under this Agreement shall constitute a waiver of any other default or breach, whether of the same or other covenant, warranty, agreement, term, condition, duty or requirement contained in this Agreement. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

5.4 SURVIVING ARTICLES, SECTIONS AND PROVISIONS: The termination of this Agreement pursuant to any provision of this Article or by normal expiration of its term or any extension thereto shall not operate to terminate any Article, Section or provision contained herein which provides that it shall survive the termination or normal expiration of this Agreement.

## VI. MISCELLANEOUS PROVISIONS

6.1 DOCUMENTS & DATA; LICENSING OF INTELLECTUAL PROPERTY: All Documents and Data shall be and remain the property of CITY without restriction or limitation upon their use or dissemination by CITY. For purposes of this Agreement, the term

## PROFESSIONAL SERVICES AGREEMENT

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"Documents and Data" means and includes all reports, analyses, correspondence, plans, drawings, designs, renderings, specifications, notes, summaries, strategies, charts, schedules, spreadsheets, calculations, lists, data compilations, documents or other materials developed and/or assembled by or on behalf of CONSULTANT in the performance of this Agreement and fixed in any tangible medium of expression, including but not limited to Documents and Data stored digitally, magnetically and/or electronically. This Agreement creates, at no cost to CITY, a perpetual license for CITY to copy, use, reuse, disseminate and/or retain any and all copyrights, designs, and other intellectual property embodied in all Documents and Data. CONSULTANT shall require all subcontractors and subconsultants working on behalf of CONSULTANT in the performance of this Agreement to agree in writing that CITY shall be granted the same right to copy, use, reuse, disseminate and retain Documents and Data prepared or assembled by any subcontractor or subconsultant as applies to Documents and Data prepared by CONSULTANT in the performance of this Agreement.

6.2 **CONFIDENTIALITY:** All data, documents, discussion, or other information developed or received by CONSULTANT or provided for performance of this Agreement are deemed confidential and shall not be disclosed by CONSULTANT without prior written consent by CITY. CITY shall grant such consent if disclosure is legally required. Upon request, all CITY data shall be returned to CITY upon the termination or expiration of this Agreement. CONSULTANT shall not use CITY's name or insignia, photographs, or any publicity pertaining to the Work in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of CITY.

6.3 **FALSE CLAIMS ACT:** CONSULTANT warrants and represents that neither CONSULTANT nor any person who is an officer of, in a managing position with, or has an ownership interest in CONSULTANT has been determined by a court or tribunal of competent jurisdiction to have violated the False Claims Act, 31 U.S.C., Section 3789 et seq. and the California False Claims Act, Government Code Section 12650 et seq.

6.4 **NOTICES:** All notices permitted or required under this Agreement shall be given to the respective Parties at the following addresses, or at such other address as the respective Parties may provide in writing for this purpose:

**CONSULTANT:**

Bartel Associates, LLC  
411 Borel Avenue, Suite 101  
San Mateo, CA 94402  
Attn: Mary Elizabeth Redding,  
Assistant Vice President  
Phone: 650.377.1617  
Fax: 650.345.8057

**CITY:**

City of San Fernando  
Finance Department  
117 Macneil Street  
San Fernando, CA 91340  
Attn: Nick Kimball, Finance Director  
Phone: 818.898.7307  
Fax: 818.365.8090

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Email:

[mbredding@bartel-associates.com](mailto:mbredding@bartel-associates.com)

Such notices shall be deemed effective when personally delivered or successfully transmitted by facsimile as evidenced by a fax confirmation slip or when mailed, forty-eight (48) hours after deposit with the United States Postal Service, first class postage prepaid and addressed to the Party at its applicable address.

- 6.5 COOPERATION; FURTHER ACTS: The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as is reasonably necessary, appropriate or convenient to achieve the purposes of this Agreement.
- 6.6 SUBCONTRACTING: CONSULTANT shall not subcontract any portion of the Work required by this Agreement, except as expressly stated herein, without the prior written approval of CITY. Subcontracts (including without limitation subcontracts with subconsultants), if any, shall contain a provision making them subject to all provisions stipulated in this Agreement, including provisions relating to insurance requirements and indemnification.
- 6.7 CITY'S RIGHT TO EMPLOY OTHER CONSULTANTS: CITY reserves the right to employ other contractors in connection with the various projects worked upon by CONSULTANT.
- 6.8 PROHIBITED INTERESTS: CONSULTANT warrants, represents and maintains that it has not employed nor retained any company or person, other than a *bona fide* employee working solely for CONSULTANT, to solicit or secure this Agreement. Further, CONSULTANT warrants and represents that it has not paid nor has it agreed to pay any company or person, other than a *bona fide* employee working solely for CONSULTANT, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, CITY shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of CITY, during the term of his or her service with CITY, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.
- 6.9 TIME IS OF THE ESSENCE: Time is of the essence for each and every provision of this Agreement.
- 6.10 GOVERNING LAW AND VENUE: This Agreement shall be interpreted and governed according to the laws of the State of California. In the event of litigation between the Parties, venue, without exception, shall be in the Los Angeles County Superior Court of the State of California. If, and only if, applicable law requires that all or part of any such



## PROFESSIONAL SERVICES AGREEMENT

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litigation be tried exclusively in federal court, venue, without exception, shall be in the Central District of California located in the City of Los Angeles, California.

- 6.11 ATTORNEYS' FEES: If either Party commences an action against the other Party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing Party in such litigation shall be entitled to have and recover from the losing Party reasonable attorneys' fees and all other costs of such action.
- 6.12 SUCCESSORS AND ASSIGNS: This Agreement shall be binding on the successors and assigns of the Parties.
- 6.13 NO THIRD PARTY BENEFIT: There are no intended third party beneficiaries of any right or obligation assumed by the Parties. All rights and benefits under this Agreement inure exclusively to the Parties.
- 6.14 CONSTRUCTION OF AGREEMENT: This Agreement shall not be construed in favor of, or against, either Party but shall be construed as if the Parties prepared this Agreement together through a process of negotiation and with the advice of their respective attorneys.
- 6.15 SEVERABILITY: If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.
- 6.16 AMENDMENT; MODIFICATION: No amendment, modification or supplement of this Agreement shall be valid or binding unless executed in writing and signed by both Parties, subject to CITY approval. The requirement for written amendments, modifications or supplements cannot be waived and any attempted waiver shall be void and invalid.
- 6.17 CAPTIONS: The captions of the various articles, sections and paragraphs are for convenience and ease of reference only, and do not define, limits, augment, or describe the scope, content, or intent of this Agreement.
- 6.18 INCONSISTENCIES OR CONFLICTS: In the event of any conflict or inconsistency between the provisions of this Agreement and any of the exhibits attached hereto, the provisions of this Agreement shall control.
- 6.19 ENTIRE AGREEMENT: This Agreement including all attached exhibits is the entire, complete, final and exclusive expression of the Parties with respect to the matters addressed herein and supersedes all other agreements or understandings, whether oral or written, or entered into between CITY and CONSULTANT prior to the execution of this Agreement. No statements, representations or other agreements, whether oral or

# PROFESSIONAL SERVICES AGREEMENT

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written, made by any Party which are not embodied herein shall be valid or binding. No amendment, modification or supplement to this Agreement shall be valid and binding unless in writing and duly executed by the Parties pursuant to Section 6.15, above.

- 6.20 **COUNTERPARTS:** This Agreement shall be executed in three (3) original counterparts each of which shall be of equal force and effect. No handwritten or typewritten amendment, modification or supplement to any one counterparts shall be valid or binding unless made to all three counterparts in conformity with Section 6.16, above. One fully executed original counterpart shall be delivered to CONSULTANT and the remaining two original counterparts shall be retained by CITY.

**(SIGNATURE PAGE TO FOLLOW)**

# PROFESSIONAL SERVICES AGREEMENT

Actuarial Valuation Services

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IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed the day and year first appearing in this Agreement, above.

**CITY OF SAN FERNANDO**

By: \_\_\_\_\_

Brian Saeki, City Manager

**BARTEL ASSOCIATES, LLC**

By: \_\_\_\_\_

Name: Mary Beth Redding

Title: Vice President





**BARTHEL**  
ASSOCIATES, LLC

## **City of San Fernando**

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### **Proposal for**

### **Actuarial Services to Value Other Post-Employment Benefits (OPEB) in Compliance with Government Accounting Standards Board Statement No. 45 (GASB 45)**

April 28, 2016

**Bartel Associates, LLC**

411 Borel Avenue, Suite 101

San Mateo, California 94402

Phone: 650-377-1600

Fax: 650-345-8057

[www.bartel-associates.com](http://www.bartel-associates.com)

Email: [mbredding@bartel-associates.com](mailto:mbredding@bartel-associates.com)

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Transmittal Letter

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Attachments

- A. Team Biographies and Actuarial Certifications
- B. Bartel Associates GASB 45 Clients



April 28, 2016

Nick Kimball  
Finance Director  
**City of San Fernando**  
117 Macneil St  
San Fernando, CA 91340

**Re: Proposal for Actuarial Valuation Services**

Dear Mr. Kimball:

We are pleased to provide our response to the City of San Fernando's Request for Proposal to value the City's Other Post-Employment Benefits (OPEB) in accordance with Governmental Accounting Standards.

Our proposal includes all of the information requested in the City's request for proposal, and meets all the RFP's terms and conditions.

Please contact me at 650-377-1617 ([mbredding@bartel-associates.com](mailto:mbredding@bartel-associates.com)) if you have any questions regarding our proposal.

We look forward to hearing from you.

Sincerely,

A handwritten signature in blue ink that reads "Mary Elizabeth Redding".

Mary Elizabeth Redding, FSA  
Vice President and Actuary

c: John Bartel– Bartel Associates, LLC

O:\Prospects\City of San Fernando\2016\PROPOSAL BA SanFernandoCi 2016-04-27 Actuarial Services forOPEB.doc

# SECTION 1

## PROPOSAL SUMMARY AND CONTACT INFORMATION

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*This section shall discuss the highlights, key features, and distinguishing points of the Proposal. A separate sheet shall include all the contact people on the Proposal and how to communicate with them.*

Bartel Associates LLC is pleased to provide our response to the City of San Fernando's Request for Actuarial Services to Value Other Post-Employment Benefits (OPEB) in Compliance with Government Accounting Standards Board Statement No. 45 (GASB 45) and Government Accounting Standards Board Statement No. 75 (GASB 75).

Bartel Associates is uniquely qualified to prepare the City's retiree medical (OPEB) valuation as well as providing other as-needed actuarial consulting services related to retirement benefits.

- *Extensive Experience*– Our proposal anticipates that the City will continue its pay-as-you-go funding policy. However, our work with over 300 public agency OPEB valuations means that we could assist the City in developing a successful strategy to begin funding the OPEB obligation.
- *Expertise* – Our senior actuaries are long-term consultants to public agencies, where proposed team members for the project are recognized as thought leaders. For example, John Bartel is a member of the task force that assisted the GASB with the new OPEB accounting Statements, numbers 74 and 75. John is also a member of the California Actuarial Advisory Panel, and Mary Beth Redding works extensively with California auditors on implementing GASB Statement 68. Our work is detailed, thorough, and complies with actuarial standards.
- *Capacity* –We have allocated sufficient staff, familiar with public sector OPEB valuations, to meet the City's needs. The actuaries and analysts in our office have been performing large numbers of GASB OPEB valuations each year for many years, and have the capacity to meet valuation needs under the upcoming GASB 75 standards. Our previous engagements confirm our track record of meeting timelines whether for scheduled valuations, accelerated studies, or special consulting.
- *California Specialists* – PEMHCA's retiree medical benefit rules can be complicated. We work with CalPERS constantly and understand the regulations and their interaction with the language in MOUs. This enables us to give you accurate advice on plan design and funding options.
- *Excellent Communications* – We regularly present the results of our actuarial studies to retirement system boards, county boards of supervisors, city councils, and district boards of directors. Our presentations are clear, concise, and understandable to non-actuaries; our recommendations are practical. In our contacts with City staff and your City Council, we will be certain you understand the possible effects of any issues we encounter, along with analysis and options to resolve them.
- *Financial Stability* –Bartel Associates has been in business since 2003. As a medium-sized firm specializing in this area, our billing rates are structured for the public sector. We provide high-quality services at a reasonable cost.



## SECTION 1

### PROPOSAL SUMMARY AND CONTACT INFORMATION

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Our website [www.bartel-associates.com](http://www.bartel-associates.com) has more information on the services we provide and relevant information on public sector retirement and OPEB benefits.

We look forward to discussing our proposal with you.

# SECTION 1

## PROPOSAL SUMMARY AND CONTACT INFORMATION

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### How to Reach Us

Senior actuarial staff assigned to this project are:

| Contact           | Office         | Cell | email  |
|-------------------|----------------|------|--|
| Mary Beth Redding | (650) 377-1617 | *    | <a href="mailto:mbredding@bartel-associates.com">mbredding@bartel-associates.com</a> |
| Tak Frazita       | (650) 377-1619 | *    | <a href="mailto:tfrazita@bartel-associates.com">tfrazita@bartel-associates.com</a>   |
| John Bartel       | (650) 377-1601 | *    | <a href="mailto:jbartel@bartel-associates.com">jbartel@bartel-associates.com</a>     |

Cell phone numbers and contact information for actuarial analysts will be provided when work on the project begins.

Our mailing address is:

Bartel Associates, LLC  
411 Borel Avenue, Suite 101  
San Mateo, CA 94402

Our main phone and fax numbers are:

phone: 650-377-1600  
phone: 800-256-2090  
fax: 650-345-8057

Our website is: [www.bartel-associates.com](http://www.bartel-associates.com)

## SECTION 2

### PROFILE OF THE PROPOSING FIRM

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*This section shall include a brief description of the Firm, including size, location of office(s), number of years providing service, organizational structure of the responsible division, etc.*

*Additionally, this section shall include a listing of any lawsuit and the result of that action resulting from (a) any public project undertaken by the Firm where litigation is still pending or has occurred within the last five years or (b) any type of project where claims or settlements were paid by the Firm or its insurers within the last five years.*

- Bartel Associates was established in July 2003 to provide public sector clients high quality actuarial services at reasonable fees, focusing on personal attention and clear results.
- Bartel Associates is a Limited Liability Corporation, 100% owned by employees.
- Bartel Associates has no parent company nor divisions.
- We have been in business for over 12 years, since July 2003.
- Bartel Associates' one office is in San Mateo, California. Mary Beth Redding is a Southern California resident.
- We have 21 employees: 10 credentialed actuaries, 7 actuarial analysts, and 4 administrative staff.
- 10 of our actuaries are credentialed: 10 are Fellows or Associates of the Society of Actuaries, 10 are Members of the American Academy of Actuaries, 7 are Enrolled Actuaries, and 7 are Fellows of the Conference of Consulting Actuaries.
- Bartel Associates, LLC is an actuarial consulting firm specializing in providing states, counties, cities, and other public agencies with actuarial consulting services. Our clients range from small special districts to small and large cities and states with tens of thousands of employees.

#### **Lawsuits or Litigation**

- Neither Bartel Associates nor any officer or principal has been involved in any business litigation nor other legal proceedings related to any actuarial consulting activities or services.
- Our services include:
  - Pension Plans – We have prepared defined benefit pension plan actuarial valuations under GASB Statements 25, 27, 67, 68, and 71 for over 50 California retirement systems, governments, and agencies.
  - OPEB Plans - We have prepared “Other Postemployment Benefit” actuarial studies and valuations for over 300 California counties, cities, districts, and agencies to assist with compliance with GASB Statements Nos. 43, 45, 74 and 75.
  - Pension Consulting – Pension System rate analysis and projections, POB analysis and support, negotiation assistance, independent advice

## SECTION 2

### PROFILE OF THE PROPOSING FIRM

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to employers, and actuarial certifications; presentations to boards, city councils, employee bargaining groups, agency staff, and public meetings.

- Plan Design – Assistance in redesigning and implementing retiree medical and pension plans
- Retirement Plan Audits – Review of actuarial valuations, experience studies, actuarial assumptions, and funding methods

### SECTION 3

## QUALIFICATIONS OF THE FIRM

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*This section shall include a brief description of the Firm's qualifications and previous experience on similar or related projects. Provide a description of pertinent project experience with other public municipalities (maximum of four) that includes a summary of the work performed, the total project cost, the period over which the work was completed, and the name, title, and phone number of clients to be contacted for references. Give a brief statement of the Firm's adherence to the schedule and budget for each project.*

Bartel Associates' primary – and only – business is providing actuarial services to public sector clients. Bartel Associates has performed many actuarial valuations for pension and OPEB plans. All of our senior actuaries are credentialed actuaries fully qualified to perform these valuations. A full list of our clients since 2009 is available on our website.

Since 2009, we have performed actuarial valuations of OPEB benefits under GASB 45 for over 300 clients, including almost 200 municipalities. We have performed multiple valuations for the vast majority of our clients. We are highly experienced in this field.

#### **Actuarial Qualifications**

We have 10 credentialed actuaries on our staff, all of whom meet the Qualification Standards of the American Academy of Actuaries to perform the work and issue the actuarial opinions in this proposal.

#### **Experience on Similar Projects**

In the table below we have provided pertinent OPEB actuarial valuation experience with 4 selected municipalities in the City's area. In most of these cases we also were retained to provide additional studies and CalPERS consulting projects.

All work was completed on time and within budget.

A full listing of GASB 45 actuarial valuations we have performed is included as Appendix A.

### SECTION 3

## QUALIFICATIONS OF THE FIRM

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| Client/ Dates         | Summary of Work Performed  | Contact  |
|-----------------------|--|--|
| City of Burbank       | GASB 45 Valuation<br>CalPERS Consulting                          | Dino Balos<br>Accounting and Auditing<br>Manager<br>818-238-5518<br>DBalos@burbankca.gov     |
| City of Santa Clarita | GASB 45 Valuation<br>CalPERS Consulting<br>Pension Valuations    | Darren Hernandez<br>Deputy City Manager<br>Phone: 661-255-4925                               |
| City of Glendale      | GASB 45 Valuation<br>CalPERS Consulting<br>Sick Leave Conversion | Bob Elliott<br>Director of Finance<br>Phone: 818-548-2085                                    |
| City of Moorpark      | GASB 45 Valuation  | Ron Ahlers<br>Finance Director / City<br>Treasurer<br>805.517.6249<br>rahlers@MoorparkCA.gov |

John Bartel, the firm's founder, has over 30 years of experience as a retirement consultant and practice leader with major consulting firms. He was a member of the special task force which assisted the Governmental Accounting Standards Board (GASB) in drafting Statements No. 43 and 45, and recently was a member of the task force assisting the GASB with their updates, GASB Statements 73, 74 and 75. He was directly involved in the statements' development and assisted numerous public agencies in their understanding and implementation.

John Bartel served as consultant for the California State Office of Finance to former Governor Schwarzenegger's Public Employee Post-Employment Benefits Commission, charged with review of policy regarding the State's public employee retirement benefits. John was appointed by former Governor Schwarzenegger to the California Actuarial Advisory Panel (CAAP). CAAP is charged with providing impartial and independent information on pensions, other postemployment benefits, and best practices to California public agencies.

Mary Beth Redding is currently working with the CCMA, a CalCPA government accounting committee, on GASB 68 and 75 implementation. She assisted in writing "Implementing GASB Statement No. 68 Accounting and Financial Reporting for Pensions A CCMA White Paper For California Local Governments" and is a frequent speaker on the topic.

## SECTION 4

### WORK PLAN AND TIMETABLE

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*In this section, present a well-conceived service plan. This section of the proposal shall establish the Firm's understanding of the City's objectives and work requirements and the Firm's ability to satisfy those objectives and requirements. Describe the proposed approach for addressing the scope of service, outlining the approach that would be undertaken in providing the requested services. Include a timetable for providing the service. Describe related service experience by the Firm in similar work. Please describe the role, extent of services (number of people used, engagement duration, and contract value).*

#### **Scope of Work:**

Services and Deliverables will include:

- Actuarial valuations of the OPEB benefits in compliance with GASB 45 (for fiscal years ending 2016 and 2017) and GASB 75 (fiscal years ending in 2018 through 2020).
- The actuarial valuations will provide all actuarial information required for reporting under GASB Statements 45 and 75. Statements 43 and 74 do not apply since the City is not pre-funding the OPEB obligation through a trust or equivalent vehicle.
- The actuarial valuations will meet the requirements of GASB Statements 45 and 75 and the Actuarial Standards of Practice in their actuarial assumptions and methodology, including:
  - Discount rate. Since the City is not pre-funding the liability, GASB 75 requires the discount rate to be based on the 20-year municipal bond rate selected as of the measurement date. This rate is very volatile and it is likely that a different rate will occur each year. As a result, the actuarial valuation will need to be updated annually, at each measurement date, to reflect the new discount rate.
  - Implied Subsidy. Historically, PEMHCA (CalPERS' medical plans) valuations have not included an implied subsidy (the implied subsidy is the benefit retirees derive when they are charged the same pre-Medicare premium as active employees). This approach complied with GASB 45, which defers to Actuarial Standards of Practice (ASOP) on whether the implied subsidy should be included. A recent revision to that ASOP requires actuaries calculate an implied subsidy for all valuations, effective on or after March 31, 2015.

## SECTION 4

### WORK PLAN AND TIMETABLE

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#### Timing

The City has several options for timing of actuarial valuations under GASB 45 and 75:

- If there has always been fewer than 200 total participants between 4/1/13 and now, the City may be able to defer the next valuation until 4/1/2016, under GASB 45's triennial rule.
- GASB 75 permits the City to select a measurement date (at which time all information is measured and all GASB 75 results are finalized) of up to one year before the fiscal year end,.

Listed below are three possible options for timing:

**Option 1. “End of Year Measurement Date ”** Note that the 6/30/16 completion date requires census data to be received by 5/15/16.

| Fiscal Year End | Accounting Standard | Measurement Date | Actuarial Valuation Date | Estimated Results Completion |
|-----------------|---------------------|------------------|--------------------------|------------------------------|
| 6/30/16         | GASB 45             | N/A              | 6/30/15                  | 6/30/16                      |
| 6/30/17         | GASB 45             | N/A              | 6/30/15                  | 6/30/16                      |
| 6/30/18         | GASB 75             | 6/30/18          | 6/30/17                  | 8/31/18                      |
| 6/30/19         | GASB 75             | 6/30/19          | 6/30/17                  | 8/31/19                      |
| 6/30/20         | GASB 75             | 6/30/20          | 6/30/19                  | 8/31/20                      |

**Option 2. “Beginning of Year Measurement Date”** This option allows completion of all results prior to end of the fiscal year. Note that the 6/30/16 completion date requires census data be received by 5/15/16 and the 10/31 completion dates depend on receipt of census data by 8/15 of each year.

| Fiscal Year End | Accounting Standard | Measurement Date | Actuarial Valuation Date | Estimated Results Completion |
|-----------------|---------------------|------------------|--------------------------|------------------------------|
| 6/30/16         | GASB 45             | N/A              | 6/30/15                  | 6/30/16                      |
| 6/30/17         | GASB 45             | N/A              | 6/30/15                  | 6/30/16                      |
| 6/30/18         | GASB 75             | 6/30/17          | 6/30/17                  | 10/31/17                     |
| 6/30/19         | GASB 75             | 6/30/18          | 6/30/17                  | 8/31/18                      |
| 6/30/20         | GASB 75             | 6/30/19          | 6/30/19                  | 10/31/19                     |



## SECTION 4

### WORK PLAN AND TIMETABLE

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**Option 3. “Triennial Valuation Plus Beginning of Year Measurement Date”** This option would require approval by your auditors since the time between valuations would actually be 3 years plus 3 months. However, by using one triennial valuation, this option requires only two and not three actuarial valuations during the 5-year period. Note that the 10/31 completion dates below depend on receipt of census data by 8/15 of each year.

| <b>Fiscal Year End</b> | <b>Accounting Standard</b> | <b>Measurement Date</b> | <b>Actuarial Valuation Date</b> | <b>Estimated Results Completion</b> |
|------------------------|----------------------------|-------------------------|---------------------------------|-------------------------------------|
| 6/30/16                | GASB 45                    | N/A                     | 4/1/13                          | Based on prior report               |
| 6/30/17                | GASB 45                    | N/A                     | 6/30/16                         | 10/31/16                            |
| 6/30/18                | GASB 75                    | 6/30/17                 | 6/30/16                         | 8/31/17                             |
| 6/30/19                | GASB 75                    | 6/30/18                 | 6/30/18                         | 10/31/18                            |
| 6/30/20                | GASB 75                    | 6/30/19                 | 6/30/18                         | 8/31/19                             |

#### Work Plan

##### Project Approach

We believe that there are two levels to a GASB actuarial valuation.

Basic Valuation: The first level is technical compliance with the applicable OPEB GASB statements. Some public employers may hire an actuary to assist only with technical compliance with the GASB statement, limiting the scope of services to preparing a compliance-only valuation that provides the required financial reporting and disclosure information.

Full Consulting Valuation: The second level, which we recommend, goes beyond reporting and disclosure issues and assists the City with understanding the financial statement impact, the effect of actuarial assumptions and methodology, development of funding policies and recommended contributions, and a review of the plan design.

In our process below we will note the differences between the services included in each approach, and we will provide fee quotes on each basis.

Our actuarial valuation process begins with the collection and analysis of participant data:

- Kick off Meeting – We will have a telephonic meeting with the City to confirm the GASB reporting schedule, valuation timing, actuarial assumptions, City contribution policy, and data timing
- Data Collection – Bartel Associates will provide a written data request and the City will provide plan documentation, participant data, prior valuation data, and asset information.

## SECTION 4

### WORK PLAN AND TIMETABLE

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- Data Reconciliation – We will review the plan and participant data and provide the City with a list of any questions.
- Methods & Assumptions – We will recommend actuarial methods and assumptions to the City. It is important that the City understand the methods and assumptions used and their impact on the plan's valuation results as these are assumptions set by the City, subject to our actuarial guidance and standards of practice and auditor approval.

Our actuarial valuation process continues after the completion of the participant data analysis and setting of actuarial methods & assumptions:

- Valuation Processing – We will prepare the valuation using ProVal software, a comprehensive and widely used and respected retirement benefit valuation system developed by Winklevoss Technologies, LLC, with a special module for public retirement systems. Our procedure for quality control includes the checking of computer programs and calculations by a second actuary and the review of results and presentation materials by senior actuaries. We keep client information secure by encrypting all files kept on our computers.
- Deliverable: Preliminary Results Report & Meeting (Full Consulting Valuation) – We will meet face-to-face with the City to review the preliminary valuation report using plain, easily understood language. Our preliminary results presentation will be in a discussion outline format and will contain all GASB 45/75 reporting information required for your CAFR and for your auditor's review as well as:
  - Historical valuation results and demographic information;
  - Estimated gain and loss analysis with changes in the Actuarial Accrued Liability since the prior valuation;
  - Projection of the Net OPEB Obligation, ARC, Annual OPEB Cost through 6/30/2017 and 10-year benefit payment projection;
  - Results provided separately for Safety and Miscellaneous groups;
  - Statistical comparison of City results with other Bartel Associates GASB 45 valuations;
  - Detailed participant statistics, including summary of healthcare plan and coverage elections;
  - Pre-funding illustration,
  - Summary of upcoming OPEB and CalPERS issues.

Your auditors are welcome to attend this discussion.

- Deliverable: Preliminary Results (Basic Valuation) – We will prepare a basic actuarial valuation report containing summaries of plan provisions, actuarial assumptions and participant demographics as well as all GASB 45/75 required information, and discuss it with you over the phone.

## SECTION 4

### WORK PLAN AND TIMETABLE

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- Deliverable: Final certified valuation – After the City’s review of our draft report, we will provide a final, certified valuation report.

We strongly believe that through our years of experience we have developed an efficient and effective process for preparing and presenting actuarial valuations.

#### **“Update” Accounting Information Report**

In years where full actuarial valuations are not performed, the prior year valuation will be rolled forward, adjusting for actual benefits paid during the period and the 20-year municipal bond rate at the new measurement date. We will issue an “update” GASB 75 report, containing all required reporting information and for your auditors’ review, for that fiscal year.

#### **Sample Timeline**

The sample timeline below is for a GASB 45 actuarial valuation under Option 1 or Option 2 above. Timing for each subsequent valuation would be similar.

| <b>Project Steps</b>   | <b>Estimated Dates</b>               |
|--|--------------------------------------|
| 1) The City provides participant census data, and plan documents to Bartel Associates. | May 15, 2016                         |
| 2) The City answers any data questions from Bartel Associates.                         | May 30, 2016<br>≈ 2 weeks after (1)  |
| 3) Bartel Associates meets with the City to present preliminary valuation results      | June 30, 2016<br>≈ 4 weeks after (2) |
| 4) Bartel Associates provides final GASB 45 valuation report.                          | July 7, 2016<br>≈ 1 week after (3)   |

## SECTION 5

### PROJECT STAFFING

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*In this section, discuss how the Firm would propose to staff this project. Firm's key project team members shall be identified by name, specific responsibilities on the project and their qualifications. An organizational chart for the project team and resumes for key Firm personnel shall be included. Key Firm personnel will be an important factor considered by the Finance Director. **There can be no change of key personnel once the proposal is submitted, without prior approval of City.***

The project team assigned to work with the Authority will include Mary Beth Redding and Tak Frazita with John Bartel available as needed for peer review. These actuaries will not be changed without the Authority's approval.

- Mary Beth Redding is a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, a Fellow in the Conference of Consulting Actuaries, and an Enrolled Actuary. She has over 30 years experience as an actuary working with pension and OPEB plans. For the past 4 years she has worked exclusively with the public sector.

Mary Beth's expertise is actuarial valuations of OPEB and pension plans and GASB accounting rules relating to those plans.

Mary Beth is currently working with the CCMA, a CalCPA government accounting committee, on GASB 68 and 75 implementation. She assisted in writing "Implementing GASB Statement No. 68 Accounting and Financial Reporting for Pensions A CCMA White Paper For California Local Governments" and is a frequent speaker on the topic.

All of Mary Beth's clients are public agencies, primarily located in California. Mary Beth is a Southern California resident.

- Tak Frazita is an Associate of the Society of Actuaries, a Member of the American Academy of Actuaries, and an Enrolled Actuary under ERISA. All of Tak's other clients are California public agencies, for whom he performs actuarial OPEB and pension plan actuarial valuations.
- John Bartel is an Associate of the Society of Actuaries, a Fellow of the Conference of Actuaries, and a Member of the American Academy of Actuaries. He has extensive public sector experience with GASB 45 and retirement consulting with over 300 public entities in California. He has appeared before county boards of supervisors, city councils, and public agency boards of directors and is known for his clarity.

John has been the lead actuary for the majority of the agencies listed in this proposal, including OPEB and retirement plan valuations..

## SECTION 5

### PROJECT STAFFING

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- The actuaries assigned to the project team are qualified to undertake the project in accordance with the Code of Professional Conduct of the American Academy of Actuaries and the Society of Actuaries and to issue Statements of Actuarial Opinion in accordance with the Qualification Standards of the American Academy of Actuaries.

The project team will be assisted by our actuarial analyst staff. Biographies of project team members and their actuarial credentials are included in Appendix A.

## SECTION 6

### PROPOSAL COST SHEET AND RATES

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*In this section, include the proposed costs to provide the services desired. Include any other cost and price information that would be contained in a potential agreement with the City. In addition, include the costs for any other services that are considered optional additions.*

#### Actuarial Valuation fee quote

Our fees are a function of the hours worked by each professional on a project and their hourly billing rates.

Following are the fees that would be charged for the contract period under each of the timing options outlined in Section 3.

#### Option 1. “End of Year Measurement Date”

| Fiscal Yr End | Accounting Standard | Measurement Date | Actuarial Valuation Date      | Basic Valuation Fees | Full Consulting Valuation Fees |
|---------------|---------------------|------------------|-------------------------------|----------------------|--------------------------------|
| 6/30/16       | GASB 45             | N/A              | 6/30/15                       | \$7,000              | \$11,500                       |
| 6/30/17       | GASB 45             | N/A              | 6/30/15                       | 0                    | 0                              |
| 6/30/18       | GASB 75             | 6/30/18          | 6/30/17 (6/30/18 measurement) | 7,500                | 11,500                         |
| 6/30/19       | GASB 75             | 6/30/19          | 6/30/17 (updated 6/30/19)     | 2,200                | 2,200                          |
| 6/30/20       | GASB 75             | 6/30/20          | 6/30/19 (6/30/20 measurement) | 7,800                | 12,100                         |
| <b>Total</b>  |                     |                  |                               | <b>24,500</b>        | <b>37,300</b>                  |

#### Option 2. “Beginning of Year Measurement Date”

| Fiscal Yr End | Accounting Standard | Measurement Date | Actuarial Valuation Date  | Basic Valuation Fees | Full Consulting Valuation Fees |
|---------------|---------------------|------------------|---------------------------|----------------------|--------------------------------|
| 6/30/16       | GASB 45             | N/A              | 6/30/15                   | \$7,000              | \$11,500                       |
| 6/30/17       | GASB 45             | N/A              | 6/30/15                   | 0                    | 0                              |
| 6/30/18       | GASB 75             | 6/30/17          | 6/30/17                   | 7,500                | 11,500                         |
| 6/30/19       | GASB 75             | 6/30/18          | 6/30/17 (updated 6/30/18) | 2,200                | 2,200                          |
| 6/30/20       | GASB 75             | 6/30/19          | 6/30/19                   | 7,800                | 12,100                         |
| <b>Total</b>  |                     |                  |                           | <b>\$24,500</b>      | <b>\$37,300</b>                |

## SECTION 6

### PROPOSAL COST SHEET AND RATES

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**Option 3. “Triennial Valuation Plus Beginning of Year Measurement Date”** If permitted by your auditors

| <b>Fiscal Yr End</b> | <b>Accounting Standard</b> | <b>Measurement Date</b> | <b>Actuarial Valuation Date</b> | <b>Basic Valuation Fees</b> | <b>Full Consulting Valuation Fees</b> |
|----------------------|----------------------------|-------------------------|---------------------------------|-----------------------------|---------------------------------------|
| 6/30/16              | GASB 45                    | N/A                     | 4/1/13                          | N/A                         | N/A                                   |
| 6/30/17              | GASB 45                    | N/A                     | 6/30/16                         | \$7,000                     | \$11,500                              |
| 6/30/18              | GASB 75                    | 6/30/17                 | 6/30/16 (updated 6/30/17)       | 2,200                       | 2,200                                 |
| 6/30/19              | GASB 75                    | 6/30/18                 | 6/30/18                         | 7,500                       | 11,500                                |
| 6/30/20              | GASB 75                    | 6/30/19                 | 6/30/18 (updated 6/30/19)       | 2,400                       | 2,400                                 |
| <b>Total</b>         |                            |                         |                                 | <b>\$19,100</b>             | <b>\$27,600</b>                       |

The fees above are based on the hourly rates below. We expect rates to increase each year with CPI.

| Team Member                  | 2016 Hourly Rate |
|------------------------------|------------------|
| Vice President (Redding)     | \$260            |
| Assistant Vice President     | \$230            |
| Associate Actuary (Frazita)  | \$180            |
| Actuarial Analyst            | \$130            |
| Partner & President (Bartel) | \$310            |

Note that our fee estimate assumes that:

- Participant census data requested will be provided completely and accurately in an Excel spreadsheet with one record per participant.
- All plan and financial information requested will be provided and is internally consistent.
- We will have one meeting with the City to review preliminary valuation results. If the Basic Valuation is selected, hourly rates will apply for any in-person meeting.
- There will be no additional charges for expenses (e.g., travel, telephone, copying, etc.). The hourly rates listed above include our costs for these items.
- We will invoice the City monthly based on time incurred, subject to the above maximum fee.

## **APPENDIX A**

### **TEAM BIOGRAPHIES AND ACTUARIAL CERTIFICATIONS**

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**MARY BETH REDDING, Vice President, Partner**

**Role: Supervising Actuary**

With over 30 years in employee benefits, Mary Beth has served as retirement consultant for a wide range of public agencies, corporations, government contractors, and nonprofit organizations. Mary Beth excels in understanding her client's benefit programs and communicating clearly so clients can make the best decisions possible for their organizations.

Mary Beth's experience includes:

- Government and corporate pension and retiree medical plan consulting, valuation and financial modeling and analysis
- Experience studies and actuarial audits
- Employee communications, plan amendments, and summary plan descriptions
- GASB, FASB, CASB, and IAS accounting valuations
- Qualified retirement and retiree medical plan design, administration, and compliance
- Nonqualified executive retirement plan design and financial analysis
- Asset liability modeling
- Employee benefit merger and acquisition consulting
- Legislation analysis and financial modeling for post-employment benefits
- Current event communication through articles and website postings.
- 
- **Professional Activities**
- 
- Speaker for Enrolled Actuaries meeting, professional conferences (IPMA-HR, CSMFO, PELRAC, CalCPA, SACA), retirement boards, retirement committees, boards of directors, and employee groups.

#### **Affiliations/Designations/Education**

- Fellow of the Society of Actuaries
- Member, American Academy of Actuaries
- Enrolled Actuary under ERISA
- Fellow, Conference of Consulting Actuaries
- BS in geology and geophysics, Yale University, New Haven, CT.



# APPENDIX A

## TEAM BIOGRAPHIES AND ACTUARIAL CERTIFICATIONS

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3/18/2016

Directory > Search Directory > MemberDetail - Print

### Mary Elizabeth Redding

#### Personal Information

Mary Elizabeth Redding  
Assistant Vice President  
Bartel Associates LLC  
411 Borel Avenue  
Suite 101  
San Mateo, CA 94402  
United States

Tel: +1(650)377-1617

Fax: 1(650)345-8057

Email: [mbredding@bartel-associates.com](mailto:mbredding@bartel-associates.com)

#### Designations

EA 1986  
FSA 1991  
MAAA 1994  
FCA 2014

#### SOA Continuing Professional Development Requirement

Compliant(2014-2015)

#### Academic Degrees

B.S.

#### Other Professional Designations

#### Industry

Consulting

#### Primary Area of Practice

Retirement

#### Specializations

Employee Health Benefits

#### Society of Actuaries Sections

SOA does not warrant the accuracy, completeness, or timeliness of the information shown. In no event shall the SOA be liable to you or anyone else for any decision made or action taken by you in reliance on such information.

## **APPENDIX A**

### **TEAM BIOGRAPHIES AND ACTUARIAL CERTIFICATIONS**

---

**TAK FRAZITA, Associate Actuary**

**Role: Actuarial Support**

#### **Experience/Responsibilities**

Tak works on all phases of pension and OPEB actuarial valuations, including data processing, asset reconciliation, actuarial modeling, and determination of liabilities and contribution levels under GASB 16/25/27/43 and 45. In addition to actuarial valuations, he works on complex projects related to pricing potential benefit changes, forecasting future contribution and benefit levels, and actuarial audits. All of Tak's work is with plans sponsored by public employers – including 1937 Act County Retirement Systems and post-retirement medical plans of agencies with medical care under PEMHCA (CalPERS).

#### **Affiliations/Designations/Education**

- Associate of the Society of Actuaries
- Member, American Academy of Actuaries
- Enrolled Actuary under ERISA
- BA in Applied Mathematics, University of California, Berkeley
- MS in Statistics, University of California, Los Angeles

# APPENDIX A

## TEAM BIOGRAPHIES AND ACTUARIAL CERTIFICATIONS

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4/26/2016

Directory > Search Directory > MemberDetail - Print

### Takanobu Frazita

#### Personal Information

Takanobu Frazita  
Associate Actuary  
Bartel Associates LLC  
411 Borel Avenue  
Suite 101  
San Mateo, CA 94402  
United States

Tel: +1(650)377-1619  
Fax: 1(650)345-8057  
Email: [tfrazita@bartel-associates.com](mailto:tfrazita@bartel-associates.com)

#### Designations

ASA 2010  
MAAA 2010  
EA 2015

#### SOA Continuing Professional Development Requirement

Compliant(2014-2015)

#### Academic Degrees

B.A.  
M.S.

#### Other Professional Designations

#### Industry

Consulting

#### Primary Area of Practice

Retirement

#### Specializations

#### Society of Actuaries Sections

Health  
Pension

SOA does not warrant the accuracy, completeness, or timeliness of the information shown. In no event shall the SOA be liable to you or anyone else for any decision made or action taken by you in reliance on such information.

## **APPENDIX A**

### **TEAM BIOGRAPHIES AND ACTUARIAL CERTIFICATIONS**

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#### **JOHN E. BARTEL, President**

**Role: Peer Review**

With over 30 years in employee benefits, John focuses on pension consulting for a wide variety of public and private sector clients. He founded Bartel Associates to serve public sector agencies, emphasizing quality, personal attention, and clear results at reasonable fees. Clients rely on John's ability to apply complex regulations in understandable ways.

John Bartel is a member of the special task force which assisted the Governmental Accounting Standards Board (GASB) in drafting the new OPEB accounting Statements 74 and 75, and he was also a member of the task force for the original GASB Statement 45. He was directly involved in the statements' development.

John is one of 2 actuaries appointed by the Governor to the California Actuarial Advisory Panel (CAAP). CAAP provides impartial, independent information on pensions, other postemployment benefits, and best practices to California public agencies. He served as consultant for the former governor's Public Employee Post-Employment Benefits Commission, charged with review of policy regarding the State's public employee retirement benefits.

He specializes in:

- CalPERS public agency consulting
- Clarifying actuarial, accounting, and regulatory issues for clients
- Retiree healthcare plan valuation, study, and design
- Retirement plan review, valuation, and design
- Employee benefit merger and acquisition issues.

■

#### **Professional Activities**

- Publications include "GASB: Other (Than Pensions) Post employment Benefits Plan Sponsor Reporting and Disclosure", "Is A DROP Plan Right for Your Organization?", "Understanding the Impact of the New CalPERS Public Safety Benefits".
- Speaker at meetings for Enrolled Actuaries, Society of Actuaries, Conference of Consulting Actuaries, League of California Cities, California Society of CPAs, California Public Employee Labor Relations Association, and California Society of Municipal Finance Officers, National Council of State Legislatures, and the Public Retirement Journal.

#### **Affiliations/Designations/Education**

- Associate of the Society of Actuaries
- Member, American Academy of Actuaries
- Fellow of the Conference of Consulting Actuaries
- BS in mathematics, California State University, Chico, CA.

# APPENDIX A

## TEAM BIOGRAPHIES AND ACTUARIAL CERTIFICATIONS

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3/18/2016

Directory > Search Directory > MemberDetail - Print

| John E Bartel  |  |
|--|--|
| <b>Personal Information</b><br>John E Bartel<br>Bartel Associates LLC<br>411 Borel Avenue<br>Suite 101<br>San Mateo, CA 94402<br>United States<br><br>Tel: +(650) 377-1601<br>Fax: (650) 345-8057<br>Email: <a href="mailto:JBartel@bartel-associates.com">JBartel@bartel-associates.com</a> | <b>Designations</b><br>ASA 1980<br>MAAA 1981<br>FCA 2003<br><br><b>SOA Continuing Professional Development Requirement</b><br>Compliant(2014-2015)<br><br><b>Academic Degrees</b><br>B.S.<br><br><b>Other Professional Designations</b><br><br><br><b>Industry</b><br>Consulting<br><br><b>Primary Area of Practice</b><br>Retirement<br><br><b>Specializations</b><br>Employee Health Benefits<br>Investments<br><br><b>Society of Actuaries Sections</b><br>Entrepreneurial Actuaries<br>Health<br>Pension |

SOA does not warrant the accuracy, completeness, or timeliness of the information shown. In no event shall the SOA be liable to you or anyone else for any decision made or action taken by you in reliance on such information.

## APPENDIX B

### BARTEL ASSOCIATES' GASB 45 CLIENTS

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|   |  |
|---|--|
| Alameda Corridor Transportation Authority | City of Santa Fe Springs               |
| Alameda County Fire Department            | City of Santa Rosa                     |
| Alameda County Water District             | City of Solana Beach                   |
| American Canyon Fire Protection District  | City of South Lake Tahoe               |
| Aptos/La Selva Fire Protection District   | City of South San Francisco            |
| Association of Bay Area Governments       | City of Stanton                        |
| Bay Area Air Quality Management District  | City of Stockton                       |
| Belmont San Carlos Fire District          | City of Sunnyvale                      |
| Calleguas Municipal Water District        | City of Temple City                    |
| CalOptima                                 | City of Torrance                       |
| Central Contra Costa Sanitary District    | City of Tustin                         |
| Central County Fire Department            | City of Union City                     |
| Chino Valley Independent Fire District    | City of Upland                         |
| City of Alameda                           | City of Vallejo                        |
| City of Alhambra                          | City of Victorville                    |
| City of Antioch                           | City of West Covina                    |
| City of Azusa                             | City of West Hollywood                 |
| City of Belmont                           | City of West Sacramento                |
| City of Bishop                            | City of Westlake Village               |
| City of Brea                              | City of Westminster                    |
| City of Brentwood                         | City of Whittier                       |
| City of Brisbane                          | City of Yuba City                      |
| City of Buena Park                        | Coachella Valley Water District        |
| City of Burbank                           | Community Redevelopment Agency of LA   |
| City of Burlingame                        | Contra Costa County Public Law Library |
| City of Campbell                          | Contra Costa Transportation Authority  |
| City of Cathedral City                    | County of Amador                       |
| City of Chico                             | County of Colusa                       |
| City of Chino Hills                       | City of Santa Clarita                  |
| City of Chula Vista                       | County of El Dorado                    |
| City of Citrus Heights                    | County of Madera                       |
| City of Coachella                         | County of Modoc                        |
| City of Commerce                          | County of Monterey                     |
| City of Compton                           | County of Napa                         |
| City of Concord                           | County of Nevada                       |
| City of Corona                            | County of Orange                       |

## APPENDIX B

### BARTEL ASSOCIATES' GASB 45 CLIENTS

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|                          |  |
|--------------------------|--|
| City of Costa Mesa       | County of Placer                               |
| City of Culver City      | County of Santa Cruz                           |
| City of Cupertino        | County of Shasta                               |
| City of Cypress          | County of Siskiyou                             |
| City of Daly City        | County of Solano                               |
| City of Davis            | County of Sutter                               |
| City of Dixon            | County of Tulare                               |
| City of Duarte           | County of Tuolumne                             |
| City of Dublin           | County of Yolo                                 |
| City of El Centro        | County of Yuba                                 |
| City of El Segundo       | Cucamonga Valley Water District                |
| City of Encinitas        | Delta Diablo Sanitation District               |
| City of Fairfield        | Dublin San Ramon Services District             |
| City of Fort Bragg       | East Bay Regional Park District                |
| City of Foster City      | Eastern Municipal Water District               |
| City of Fountain Valley  | Eastern Sierra Community Services District     |
| City of Fremont          | Golden Sierra Job Training Agency              |
| City of Gilroy           | Helix Water District                           |
| City of Glendale         | Ironhouse Sanitation District                  |
| City of Glendora         | Irvine Ranch Water District                    |
| City of Half Moon Bay    | Local and Regional Government Authorities      |
| City of Hawaiian Gardens | Los Altos Unified School District              |
| City of Healdsburg       | Los Angeles County Sanitation District         |
| City of Hemet            | Marin County Housing Authority                 |
| City of Hercules         | Marin Municipal Water District                 |
| City of Hermosa Beach    | McCloud Community Services District            |
| City of Hesperia         | Menlo Park Fire Protection District            |
| City of Huntington Beach | Metropolitan Water District of Southern CA     |
| City of Huntington Park  | Midpeninsula Regional Open Space District      |
| City of Inglewood        | Monte Vista County Water District              |
| City of La Habra         | Moraga-Orinda Fire District                    |
| City of La Puente        | Mt. Diablo Unified School District             |
| City of Livermore        | Napa County Transportation and Planning Agency |
| City of Lompoc           | McCloud Community Services District            |
| City of Long Beach       | Menlo Park Fire Protection District            |

## APPENDIX B

### BARTEL ASSOCIATES' GASB 45 CLIENTS

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|                       |   |
|-----------------------|---|
| City of Los Altos     | Nevada Irrigation District                                      |
| City of Lynwood       | North Coast County Water District                               |
| City of Madera        | North Orange County Community College District                  |
| City of Manteca       | North Tahoe Fire Protection District                            |
| City of Martinez      | Orange County Transportation Authority                          |
| City of Menlo Park    | Otay Water District   |
| City of Merced        | Palm Springs Desert Resort CVA                                  |
| City of Mill Valley   | Palo Alto Unified School District                               |
| City of Millbrae      | Peralta Community College District                              |
| City of Mission Viejo | Placer County Water Agency                                      |
| City of Monrovia      | Port of Stockton  |
| City of Monte Sereno  | Rancho Cucamonga Fire District                                  |
| City of Montclair     | Redwood Empire Municipal Insurance Fund                         |
| City of Monterey      | Riverside County Transportation Commission                      |
| City of Moorpark      | Rodeo Hercules Fire Protection District                         |
| City of Moreno Valley | Ross Valley Sanitary District                                   |
| City of Napa          | Sacramento Metropolitan Fire Protection District                |
| City of Newark        | Sacramento Regional Fire Communications Center                  |
| City of Newport Beach | Salinas Valley Solid Waste Authority                            |
| City of Norco         | San Bernardino Municipal Water Department                       |
| City of Novato        | San Diego County Water Authority                                |
| City of Ontario       | San Francisco Bay Area Water Emergency Transportation Authority |
| City of Oroville      | San Francisco County Transportation Authority                   |
| City of Palo Alto     | San Francisco Redevelopment Agency                              |
| City of Paramount     | San Mateo County Transit District                               |
| City of Patterson     | San Ramon Valley Fire Protection District                       |
| City of Petaluma      | Santa Cruz Metropolitan Transit District                        |
| City of Pico Rivera   | Santa Cruz Regional 9-1-1                                       |
| City of Piedmont      | Scotts Valley Fire Protection District                          |
| City of Pinole        | Solano County Water Agency                                      |
| City of Pismo Beach   | South Coast Water District                                      |
| City of Pittsburg     | South County Fire Protection Authority                          |
| City of Pleasanton    | Southern California Association of Governments                  |
| City of Pomona        | Southern California Regional Rail Authority                     |



## APPENDIX B

### BARTEL ASSOCIATES' GASB 45 CLIENTS

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|                          |   |
|--------------------------|---|
| City of Rancho Cucamonga | Stanislaus County Housing Authority           |
| City of Redding          | State of Maine                                |
| City of Redondo Beach    | Stege Sanitary District                       |
| City of Redwood City     | Sweetwater Authority                          |
| City of Richmond         | Tamalpais Union High School District          |
| City of Riverside        | Town of Corte Madera                          |
| City of Rocklin          | Town of Hillsborough                          |
| City of Rohnert Park     | Town of Los Altos Hills                       |
| City of Roseville        | Town of Los Gatos                             |
| City of Sacramento       | Town of Ross                                  |
| City of Salinas          | Town of Windsor                               |
| City of San Bernardino   | Town of Yountville                            |
| City of San Carlos       | Tuolumne Utilities District                   |
| City of San Gabriel      | United Water Conservation District            |
| City of San Jose         | Ventura County Transportation Commission      |
| City of San Leandro      | West Basin Municipal Water District           |
| City of San Luis Obispo  | West Valley Sanitation District               |
| City of San Marcos       | Westborough Water District                    |
| City of San Mateo        | Wheeler-Ridge Maricopa Water Storage District |
| City of San Rafael       | Windsor Fire Protection District              |
| City of Sand City        | Yolo County Transportation District           |
| City of Santa Ana        | Yolo-Solano Air Quality Management District   |
| City of Santa Clara      | Yuba County Water Agency                      |
| City of Santa Clarita    |   |



## City of San Fernando Retiree Healthcare Plan

### June 30, 2020 GASBS 75 Accounting Information As of Measurement Date June 30, 2019 Based on the June 30, 2019 Actuarial Valuation

Mary Elizabeth Redding, Vice President  
Nathan Hinojosa, Actuarial Analyst  
Michelle Shen, Actuarial Analyst  
**Bartel Associates, LLC**

October 12, 2020

#### Contents

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## Applicable Dates

### Applicable Dates and Periods

|                            | <b>Fiscal Year Ended<br/>June 30, 2020</b> |
|----------------------------|--|
| ■ Measurement date         | June 30, 2019                              |
| ■ Measurement period       | July 1, 2018 to<br>June 30, 2019           |
| ■ Actuarial valuation date | June 30, 2019                              |



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City of San Fernando

## Note Disclosures

### Plan Information

|                                     | <b>Fiscal Year Ended<br/>June 30, 2020</b> |
|-------------------------------------|--|
| ■ Plan type                         | Single Employer                            |
| ■ OPEB trust                        | No   |
| ■ Special funding situation         | No   |
| ■ Nonemployer contributing entities | No   |



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## Note Disclosures

### Covered Participants

At June 30, 2019, the measurement date, the following numbers of participants were covered by the benefit terms:

|  | Number of<br>Covered<br>Participants |
|--|--------------------------------------|
| ■ Inactives currently receiving benefits               | 93                                   |
| ■ Inactives entitled to but not yet receiving benefits | 9                                    |
| ■ Active employees                                     | 103                                  |
| ■ Total  | 205                                  |



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City of San Fernando

## Note Disclosures

### Total OPEB Liability

|                              | Fiscal Year Ended           |                             |
|------------------------------|-----------------------------|-----------------------------|
|                              | 6/30/19                     | 6/30/20                     |
|                              | Measurement Date<br>6/30/18 | Measurement Date<br>6/30/19 |
| ■ Total OPEB Liability (TOL) | \$ 44,197,996               | \$ 43,605,614               |



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City of San Fernando

## Note Disclosures

### Changes in Total OPEB Liability

|  | <b>Total OPEB Liability</b> |
|--|-----------------------------|
| ■ Balance at 6/30/19<br>(6/30/18 measurement date) | \$44,197,996                |
| ■ Changes for the year                             |                             |
| • Service Cost                                     | 1,398,168                   |
| • Interest   | 1,630,542                   |
| • Changes of benefit terms                         | -                           |
| • Actual vs. expected experience                   | (4,855,222)                 |
| • Assumption changes                               | 2,341,268                   |
| • Benefit payments*                                | (1,107,138)                 |
| ■ Net Changes                                      | (592,382)                   |
| ■ Balance at 6/30/20<br>(6/30/19 measurement date) | \$43,605,614                |

\* See the measurement period column on page 16 for details.



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City of San Fernando

## Note Disclosures

### Sensitivity of Total OPEB Liability

#### ■ Changes in the Discount Rate

|                        | <b>Discount Rate</b>           |                                 |                                |
|------------------------|--------------------------------|---------------------------------|--------------------------------|
|                        | <b>1% Decrease<br/>(2.13%)</b> | <b>Current Rate<br/>(3.13%)</b> | <b>1% Increase<br/>(4.13%)</b> |
| ■ Total OPEB Liability | \$ 51,806,581                  | \$ 43,605,614                   | \$ 37,211,803                  |

#### ■ Changes in the Healthcare Trend Rate

|                        | <b>Healthcare Trend Rate</b> |                      |                    |
|------------------------|------------------------------|----------------------|--------------------|
|                        | <b>1% Decrease</b>           | <b>Current Trend</b> | <b>1% Increase</b> |
| ■ Total OPEB Liability | \$ 36,531,470                | \$ 43,605,614        | \$ 52,849,182      |



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City of San Fernando

## Note Disclosures

### OPEB Expense for Fiscal Year

|                 | 2019/20                       |
|-----------------|-------------------------------|
|                 | Measurement Period<br>2018/19 |
| ■ OPEB Expense* | \$ 1,711,112                  |

\* See page 21 for OPEB expense detail, which is not required disclosure.



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City of San Fernando

## Note Disclosures

### Deferred Outflows/Inflows Balances at June 30, 2020

|   | June 30, 2020                        |                                     |
|---|--------------------------------------|-------------------------------------|
|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
| ■ Differences between expected and actual experience              | \$ -                                 | \$ 4,018,115                        |
| ■ Changes in assumptions  | 1,937,601                            | 2,642,594                           |
| ■ Employer contributions made subsequent to the measurement date* | 1,114,400                            | -                                   |
| ■ Total   | 3,052,001                            | 6,660,709                           |

\* See page 16 for details.



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City of San Fernando

## Note Disclosures

### **Recognition of Deferred Outflows and Inflows of Resources in Future OPEB Expense**

| FYE June 30  | Deferred<br>Outflows/(Inflows)<br>of Resources |
|--------------|--|
| ■ 2021       | \$ (1,319,828)                                 |
| ■ 2022       | (1,319,828)                                    |
| ■ 2023       | (1,238,397)                                    |
| ■ 2024       | (498,301)                                      |
| ■ 2025       | (346,754)                                      |
| ■ Thereafter | -  |



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City of San Fernando

## Note Disclosures

### **Significant Actuarial Assumptions Used for Total OPEB Liability**

| Actuarial Assumption                                | June 30, 2019 Measurement Date   |
|---|--|
| ■ Actuarial Valuation Date                          | ■ June 30, 2019  |
| ■ Contribution Policy                               | ■ No pre-funding   |
| ■ Discount Rate                                     | ■ 3.13% at June 30, 2019<br>(Fidelity GO AA 20 yrs)<br>■ 3.62% at June 30, 2018<br>(Fidelity GO AA 20 yrs) |
| ■ General Inflation                                 | ■ 2.75% annually   |
| ■ Mortality, Retirement,<br>Disability, Termination | ■ CalPERS 1997-2015 Experience Study   |
| ■ Mortality Improvement                             | ■ Mortality projected fully generational with Scale<br>MP-2019   |



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City of San Fernando

**Significant Actuarial Assumptions Used for Total OPEB Liability**

| <b>Actuarial Assumption</b>              | <b>June 30, 2019 Measurement Date</b>  |
|--|--|
| ■ Salary Increases                       | <ul style="list-style-type: none"> <li>■ Aggregate - 3% annually</li> <li>■ Merit - CalPERS 1997-2015 Experience Study</li> </ul>  |
| ■ Medical Trend                          | <ul style="list-style-type: none"> <li>■ Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4% in 2076</li> <li>■ Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4% in 2076</li> </ul>  |
| ■ PEMHCA Minimum Increase                | ■ 4.25% annually   |
| ■ Healthcare Participation at Retirement | <ul style="list-style-type: none"> <li>■ Medical coverage: Same as current election</li> <li>■ Tier 1 &amp; 2: 100% of future retirees will participate if currently covered</li> <li>■ Tier 3: 50% of future retirees will participate if currently covered</li> <li>■ Currently waived: 50% of above rate</li> </ul> |



**Changes Since June 30, 2018 Measurement Date**

|   | <b>June 30, 2019 Measurement Date</b>  |
|---|--|
| ■ Changes of assumptions  | <ul style="list-style-type: none"> <li>■ Discount rate was updated based on municipal bond rate as of the measurement date</li> <li>■ Mortality improvement scale was updated to Scale MP-2019</li> <li>■ Spousal coverage participation to 65% for Tier 1 &amp; 2 actives and retirees</li> </ul> |
| ■ Changes of benefit terms  | ■ None   |
| ■ Changes after June 30, 2019 Measurement Date and before June 30, 2020 | ■ PPACA excise tax was repealed 12/20/19. Since this is after the June 30, 2019 measurement date, the excise tax is included in the June 30, 2019 Total OPEB Liability (TOL).  |





**Required Supplementary Information**

**Schedule of Changes in Total OPEB Liability and Related Ratios**

|  | <b>2019/20</b>                        |
|--|---------------------------------------|
|  | <b>Measurement Period<br/>2018/19</b> |
| ■ Changes in Total OPEB Liability          |                                       |
| ● Service Cost                             | \$ 1,398,168                          |
| ● Interest                                 | 1,630,542                             |
| ● Changes of benefit terms                 | -                                     |
| ● Actual vs. expected experience           | (4,855,222)                           |
| ● Assumption changes                       | 2,341,268                             |
| ● Benefit payments                         | (1,107,138)                           |
| ■ Net Changes                              | (592,382)                             |
| ■ Total OPEB Liability (beginning of year) | <u>44,197,996</u>                     |
| ■ Total OPEB Liability (end of year)       | <u>43,605,614</u>                     |



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City of San Fernando

**Required Supplementary Information**

**Schedule of Changes in Total OPEB Liability and Related Ratios**

|  | <b>2019/20</b> |
|--|----------------|
| ■ Total OPEB Liability   | \$ 43,605,614  |
| ■ Covered employee payroll*  | 10,176,564     |
| ■ Total OPEB Liability as a percentage of covered employee payroll | 428.5%         |

\* For the 12-month period ended on June 30, 2019 (Measurement Date).  
As reported by the City.



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## Actuarial Certification

This report presents City of San Fernando Retiree Healthcare Plan 2019/20 disclosure under Governmental Accounting Standards Board Statement No. 75 (GASBS 75). The Journal Entries in this report are provided for the City's convenience and are not an actuarial communication and this actuarial certification does not apply to them.

The report provides information intended for reporting under GASBS 75, but may not be appropriate for other purposes. Information provided in this report may be useful to the City for the Plan's financial management. Future valuations may differ significantly if the Plan's experience differs from our assumptions or if there are changes in Plan design, actuarial methods, or actuarial assumptions. The project scope did not include an analysis of this potential variation.

The June 30, 2019 valuation is based on Plan provisions and participant data provided by the City, which we relied on and did not audit. We reviewed the census data for reasonableness. As the actuary, Bartel Associates has recommended the assumptions used in this report, and we believe they are reasonable.

To the best of my knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principles and practices. Additionally, in my opinion, actuarial methods and assumptions comply with GASBS 75. As a member of the American Academy of Actuaries meeting the Academy Qualification Standards, I certify the actuarial results and opinions herein.

Respectfully submitted,

*Mary Elizabeth Redding*

Mary Elizabeth Redding, FSA, EA, FCA, MAAA

Vice President

Bartel Associates, LLC

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City of San Fernando

## Supporting Calculations

### Employer Contributions

|                                    | Measurement Period | Measurement Date to FYE | Prior Measurement Date to Prior FYE |
|------------------------------------|--------------------|-------------------------|-------------------------------------|
|                                    | 7/1/18 to 6/30/19  | 7/1/19 to 6/30/20       | Same as Measurement Period          |
| ■ Cash benefit payments            | \$ 938,097         | \$ 982,850              | \$ 938,097                          |
| ■ Implied subsidy benefit payments | 169,041            | 128,930                 | 169,041                             |
| ■ Total benefit payments           | 1,107,138          | 1,111,780               | 1,107,138                           |
| ■ Administrative expenses          | 2,230              | 2,620                   | 2,230                               |
| ■ Total employer contributions     | 1,109,368          | 1,114,400               | 1,109,368                           |

Measurement period (7/1/18 to 6/30/19): \$1,109,368

Fiscal year (7/1/19 to 6/30/20): \$1,114,400



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City of San Fernando

## Supporting Calculations

### Average of the Expected Remaining Service Lives

July 1, 2018 (beginning of the measurement period) was not a valuation date and no census data was available to the actuary as of that date. Therefore, the average of the expected remaining service lives was estimated as follows:

| Valuation Date | Total expected remaining service lives* | Covered participants* | Average of the expected remaining service lives as of valuation date | Average of the expected remaining service lives as of 7/1/18 (not less than 1 yr) |
|----------------|---|-----------------------|--|---|
| 6/30/19        | 1,113.2 years                           | 196                   | 5.7 years  | 5.8 years   |
| 6/30/17        | 1,130.4 years                           | 193                   | 5.9 years  |   |

\* Participants with no liability excluded for the purpose of calculating the average.



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City of San Fernando

## Supporting Calculations

### Recognition of Deferred Outflows/Inflows at June 30, 2020 Differences between Expected and Actual Experience

| Fiscal Year | Initial Amt | Initial Recog Period | Amount Recognized in OPEB Expense for FY |           |           |           |           |           |        | Deferred Balances June 30, 2020 |             |
|-------------|-------------|----------------------|--|-----------|-----------|-----------|-----------|-----------|--------|---------------------------------|-------------|
|             |             |                      | 19/20                                    | 20/21     | 21/22     | 22/23     | 23/24     | 24/25     | 25/26+ | Outflows                        | (Inflows)   |
| 17/18       | -           | -                    | -  | -         | -         | -         | -         | -         | -      | -                               | -           |
| 18/19       | -           | -                    | -  | -         | -         | -         | -         | -         | -      | -                               | -           |
| 19/20       | (4,855,222) | 5.8                  | (837,107)                                | (837,107) | (837,107) | (837,107) | (837,107) | (669,687) | -      | -                               | (4,018,115) |
| Total       |             |                      | (837,107)                                | (837,107) | (837,107) | (837,107) | (837,107) | (669,687) | -      | -                               | (4,018,115) |



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City of San Fernando

## Supporting Calculations

### **Recognition of Deferred Outflows/Inflows at June 30, 2020** **Changes of Assumptions**

| Fiscal Year | Initial Amt | Initial Recog Period | Amount Recognized in OPEB Expense for FY |           |           |           |          |         |        | Deferred Balances June 30, 2020 |             |
|-------------|-------------|----------------------|--|-----------|-----------|-----------|----------|---------|--------|---------------------------------|-------------|
|             |             |                      | 19/20                                    | 20/21     | 21/22     | 22/23     | 23/24    | 24/25   | 25/26+ | Outflows                        | (Inflows)   |
| 17/18       | (4,804,507) | 5.9                  | (814,323)                                | (814,323) | (814,323) | (732,892) | -        | -       | -      | -                               | (2,361,538) |
| 18/19       | (425,186)   | 5.9                  | (72,065)                                 | (72,065)  | (72,065)  | (72,065)  | (64,861) | -       | -      | -                               | (281,056)   |
| 19/20       | 2,341,268   | 5.8                  | 403,667                                  | 403,667   | 403,667   | 403,667   | 403,667  | 322,933 | -      | 1,937,601                       | -           |
| Total       |             |                      | (482,721)                                | (482,721) | (482,721) | (401,290) | 338,806  | 322,933 | -      | 1,937,601                       | (2,642,594) |



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## Supporting Calculations

### **Recognition of Deferred Outflows/Inflows in Future OPEB Expense**

|  | 20/21       | 21/22       | 22/23       | 23/24     | 24/25     | Thereafter 25/26+ |
|--|-------------|-------------|-------------|-----------|-----------|-------------------|
| ■ Differences between Expected and Actual Experience | (837,107)   | (837,107)   | (837,107)   | (837,107) | (669,687) | -                 |
| ■ Changes of Assumptions                             | (482,721)   | (482,721)   | (401,290)   | 338,806   | 322,933   | -                 |
| ■ Total  | (1,319,828) | (1,319,828) | (1,238,397) | (498,301) | (346,754) | -                 |



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## Supporting Calculations

### Components of GASBS 75 OPEB Expense

|  | 2019/20                       |
|--|-------------------------------|
|  | Measurement Period<br>2018/19 |
| ■ Service Cost                               | \$ 1,398,168                  |
| ■ Interest on Total OPEB Liability           | 1,630,542                     |
| ■ Administrative expense                     | 2,230                         |
| ■ Changes of benefit terms                   | -                             |
| ■ Recognition of deferred outflows/(inflows) |                               |
| ● Experience                                 | (837,107)                     |
| ● Assumptions                                | (482,721)                     |
| ■ OPEB Expense                               | 1,711,112                     |



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## Supporting Calculations

### Components of GASBS 75 OPEB Expense Calculation of Interest on Total OPEB Liability

|                            | Dollar<br>Amount | Discount<br>Rate | Portion of<br>Year | Interest     |
|----------------------------|------------------|------------------|--------------------|--------------|
| ■ Total OPEB Liability     | \$ 44,197,996    | 3.62%            | 100%               | \$ 1,599,967 |
| ■ Service Cost             | 1,398,168        | 3.62%            | 100%               | 50,614       |
| ■ Changes of benefit terms | -                | 3.62%            | 0%                 | -            |
| ■ Experience*              | (4,855,222)      | 3.62%            | 0%                 | -            |
| ■ Assumption changes*      | 2,341,268        | 3.62%            | 0%                 | -            |
| ■ Benefit payments         | (1,107,138)      | 3.62%            | 50%                | (20,039)     |
| ■ Total interest           |                  |                  |                    | 1,630,542    |

\* Liability determined as of the end of the measurement period, so no interest charge is applicable.



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## Supporting Calculations

### **GASBS 75 Balance Equation**

|                                    | Fiscal Year Ended           |                             |
|------------------------------------|-----------------------------|-----------------------------|
|                                    | 6/30/19                     | 6/30/20                     |
|                                    | Measurement Date<br>6/30/18 | Measurement Date<br>6/30/19 |
| ■ Total OPEB Liability             | \$ 44,197,996               | \$ 43,605,614               |
| ■ Fiduciary Net Position           | -                           | -                           |
| ■ Net OPEB Liability               | 44,197,996                  | 43,605,614                  |
| ■ Deferred inflows of resources    | 3,528,982                   | 6,660,709                   |
| ■ Deferred (outflows) of resources | -                           | (1,937,601)                 |
| ■ Balance Sheet                    | 47,726,978                  | 48,328,722                  |

Check:

|                           |               |
|---------------------------|---------------|
| ■ Balance Sheet 6/30/19   | \$ 47,726,978 |
| ● OPEB Expense            | 1,711,112     |
| ● Employer Contributions* | (1,109,368)   |
| ■ Balance Sheet 6/30/20   | 48,328,722    |

\* See the measurement period column on page 16 for details



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## Supporting Calculations

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## Journal Entries

### Employer Contributions

The entries below assume cash benefit payments, Trust contributions, and administrative expenses have been charged to OPEB Expense when paid, and that no accounting entries have been made for the current year implied subsidy payment, which is recorded as a reduction to active employee health care costs. See page 16 for details.

Following records the impact of employer contributions as deferred outflows of resources and as a reduction to Net OPEB Liability.

|  | Debit        | (Credit)    |
|--|--------------|-------------|
| ■ Net OPEB Liability - (for Contributions paid 7/1/18 to 6/30/19)                  | \$ 1,107,138 | \$ -        |
| ■ OPEB Expense - (for admin fees paid 7/1/18 to 6/30/19)                           | 2,230        | -           |
| ■ Deferred Outflow - 7/1/18 to 6/30/19 contributions                               | -            | (1,109,368) |
| ■ Deferred Outflow - 7/1/19 to 6/30/20 contributions                               | 1,114,400    | -           |
| ■ Active employee health care costs - (implied subsidy payments 7/1/19 to 6/30/20) | -            | (128,930)   |
| ■ OPEB Expense - (for contributions paid 7/1/19 to 6/30/20)                        | -            | (985,470)   |

*Check* 2,223,768 (2,223,768)



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## Journal Entries

### Summary Journal Entries - OPEB Expense

Following records the impact of current year OPEB expense

|                            | Debit        | (Credit)    |
|----------------------------|--------------|-------------|
| ■ Deferred Outflows*       | \$ 1,937,601 | \$ -        |
| ■ Deferred Inflows**       | 886,388      | (4,018,115) |
| ■ OPEB Expense/Credit ***  | 1,708,882    | -           |
| ■ Net OPEB Liability/Asset | -            | (514,756)   |

*Check* 4,532,871 (4,532,871)

\* See page 28 ('Subtotal' row) for details.

\*\* See page 29 for details.

\*\*\* Total OPEB expense, \$1,711,112, equals \$1,708,882 plus \$2,230 admin fees from page 25.



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## Journal Entries

### Ending Balances at June 30, 2020

|  | Debit      | (Credit)       |
|--|------------|----------------|
| ■ Deferral: Differences between expected and actual experience | \$ -       | \$ (4,018,115) |
| ■ Deferral: Changes of assumptions                             | 1,937,601  | (2,642,594)    |
| ■ Total deferred outflow/inflow                                | 1,937,601  | (6,660,709)    |
| ■ Net OPEB Liability (NOL)                                     | -          | (43,605,614)   |
| ■ Contributions after the Measurement Date                     | 1,114,400  | -              |
| ■ Net Impact   | 47,214,322 | -              |

*Check:* 50,266,323 (50,266,323)

|  |           |   |
|--|-----------|---|
| ■ Total OPEB expense/(income) for FYE 2020 | 1,711,112 | - |
|--|-----------|---|



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## Journal Entries

### Reconciliation of Deferred Outflows

Detail for page 26

| Deferred Outflows                                    | Opening<br>Balance -<br>Debit | Journal<br>Entry -<br>Debit | Journal<br>Entry -<br>(Credit) | Ending<br>Balance -<br>Debit |
|--|-------------------------------|-----------------------------|--------------------------------|------------------------------|
| ■ Differences between actual and expected experience | \$ -                          | \$ -                        | \$ -                           | \$ -                         |
| ■ Change in assumptions                              | -                             | 1,937,601                   | -                              | 1,937,601                    |
| ■ Subtotal - actuarial deferrals                     | -                             | 1,937,601                   | -                              | 1,937,601                    |
| ■ Contributions after the Measurement Date           | 1,109,368                     | 1,114,400                   | (1,109,368)                    | 1,114,400                    |
| ■ Total Deferred Outflows                            | 1,109,368                     | 3,052,001                   | (1,109,368)                    | 3,052,001                    |



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## Journal Entries

### Reconciliation of Deferred Inflows

Detail for page 26

| Deferred Inflows                                     | Opening<br>Balance -<br>(Credit) | Journal<br>Entry -<br>(Credit) | Journal<br>Entry -<br>Debit | Ending<br>Balance -<br>(Credit) |
|--|----------------------------------|--------------------------------|-----------------------------|---------------------------------|
| ■ Differences between actual and expected experience | \$ -                             | \$ (4,018,115)                 | \$ -                        | \$ (4,018,115)                  |
| ■ Change in assumptions                              | (3,528,982)                      | -                              | 886,388                     | (2,642,594)                     |
| ■ Total Deferred (Inflows)                           | (3,528,982)                      | (4,018,115)                    | 886,388                     | (6,660,709)                     |



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## Journal Entries

### Reconciliation of Deferred Outflows/(Inflows)

#### Summary of Balances

|                                   | Fiscal Year Ended           |                             |
|-----------------------------------|-----------------------------|-----------------------------|
|                                   | 6/30/19                     | 6/30/20                     |
|                                   | Measurement Date<br>6/30/18 | Measurement Date<br>6/30/19 |
| ■ Total OPEB (Liability)          | \$ (44,197,996)             | \$ (43,605,614)             |
| ■ Fiduciary Net Position          | -                           | -                           |
| ■ Net OPEB (Liability)/Asset      | (44,197,996)                | (43,605,614)                |
| ■ Deferred (inflows) of resources | (3,528,982)                 | (6,660,709)                 |
| ■ Deferred outflows of resources  | 1,109,368                   | 3,052,001                   |
| ■ Balance Sheet Impact            | (46,617,610)                | (47,214,322)                |

Deferred Outflows include contributions after the measurement date.



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City of San Fernando

## Plan Summary

|                           |  |  |                                     |
|---------------------------|--|--|-------------------------------------|
| ■ Eligibility             | ■ Full-time employees retiring directly from City under CalPERS (age 50 <sup>1</sup> and 5 years, or disability) |  |                                     |
| ■ Retiree Medical Benefit | ■ City monthly cap:  |  |                                     |
|                           |  | SFMG / SFPCA/ SFPEA                    | SFPOA / SFPMU                       |
|                           | Tier 1   | Hired ≤ 6/30/15 &<br>Retired ≤ 6/30/15 | Hired ≤ 6/30/08                     |
|                           | Tier 2   | Hired ≤ 6/30/15 &<br>Retired ≥ 6/30/15 | Hired ≥ 7/1/08 &<br>Hired ≤ 6/30/15 |
|                           | Tier 3   | Hired ≥ 7/1/15                         | Hired ≥ 7/1/15                      |
|                           | ■ Benefit:   |  |                                     |
|                           | ● Tier 1 & 2   |  |                                     |
|                           | ➤ Retired ≤ 12/31/12: 100% paid for employee and eligible dependents   |  |                                     |
|                           | ➤ Retired ≥ 1/1/13: 100% paid for employee and eligible dependents, excluding PERSCare <sup>2</sup>              |  |                                     |
|                           | ➤ Tier 2 participants subject to 10-year CalPERS service vesting requirement <sup>3</sup>                        |  |                                     |
|                           | ● Tier 3:  |  |                                     |
|                           | ➤ PEMHCA minimum (\$136/month in 2019, \$139/month in 2020, \$143/month in 2021)                                 |  |                                     |

<sup>1</sup> Miscellaneous PEPPRA retirees age 52 and 5 years

<sup>2</sup> City contributions capped at highest premium, excluding PERSCare

<sup>3</sup> Tier 2 participants with less than 10 years of CalPERS service receive PEMHCA minimum



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City of San Fernando

## Plan Summary

|  |   |          |          |          |          |
|--|---|----------|----------|----------|----------|
| ■ Surviving Spouse                           | ■ Surviving spouse coverage based on retirement plan election<br>■ Same benefit continues to surviving spouse |          |          |          |          |
| ■ Other                                      | ■ No City paid dental, vision, life, Medicare Part B  |          |          |          |          |
| ■ Sample Medical Premiums LA Area / Region 3 | ■ Pre-65 Monthly Single Premium:  |          |          |          |          |
|  |   | 2017     | 2018     | 2019     | 2020     |
|  | PERSCare  | \$715.88 | \$673.73 | \$843.78 | \$931.12 |
|  | Kaiser  | 573.89   | 642.70   | 618.64   | 664.39   |
|  | PORAC   | 699.00   | 734.00   | 774.00   | 699.00   |
|  | ■ Post-65 Single Premium:   |          |          |          |          |
|  |   | 2017     | 2018     | 2019     | 2020     |
|  | PERSCare  | \$389.76 | \$382.30 | \$394.83 | \$384.78 |
|  | Kaiser  | 300.48   | 316.34   | 323.74   | 339.43   |
|  | PORAC   | 464.00   | 487.00   | 513.00   | 513.00   |



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City of San Fernando

## Summary of Participant Data

### Premiums **2019 PEMHCA Monthly Premiums** **Los Angeles**

| Plan                   | Non-Medicare Eligible |             |             | Medicare Eligible |           |             |
|------------------------|-----------------------|-------------|-------------|-------------------|-----------|-------------|
|                        | Single                | 2-Party     | Family      | Single            | 2-Party   | Family      |
| Anthem Select          | \$ 627.07             | \$ 1,254.14 | \$ 1,630.38 | n/a               | n/a       | n/a         |
| Anthem Traditional     | 878.48                | 1,756.96    | 2,284.05    | \$ 357.44         | \$ 714.88 | \$ 1,072.32 |
| Blue Shield Access+    | 669.75                | 1,339.50    | 1,741.35    | n/a               | n/a       | n/a         |
| Health Net Salud y Mas | 356.50                | 713.00      | 926.90      | n/a               | n/a       | n/a         |
| Health Net SmartCare   | 584.27                | 1,168.54    | 1,519.10    | n/a               | n/a       | n/a         |
| Kaiser                 | 618.64                | 1,237.28    | 1,608.46    | 323.74            | 647.48    | 971.22      |
| UnitedHealthcare       | 669.61                | 1,339.22    | 1,740.99    | 299.37            | 598.74    | 898.11      |
| PERS Choice            | 654.50                | 1,309.00    | 1,701.70    | 360.41            | 720.82    | 1,081.23    |
| PERS Select            | 420.77                | 841.54      | 1,094.00    | 360.41            | 720.82    | 1,081.23    |
| PERSCare               | 843.78                | 1,687.56    | 2,193.83    | 394.83            | 789.66    | 1,184.49    |
| PORAC                  | 774.00                | 1,623.00    | 2,076.00    | 513.00            | 1,022.00  | 1,635.00    |



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## Summary of Participant Data

### Premiums **2020 PEMHCA Monthly Premiums** **Region 3**

| Plan                   | Non-Medicare Eligible |             |             | Medicare Eligible |           |             |
|------------------------|-----------------------|-------------|-------------|-------------------|-----------|-------------|
|                        | Single                | 2-Party     | Family      | Single            | 2-Party   | Family      |
| Anthem Select          | \$ 619.93             | \$ 1,239.86 | \$ 1,611.82 | \$ 388.15         | \$ 776.30 | \$ 1,164.45 |
| Anthem Traditional     | 902.63                | 1,805.26    | 2,346.84    | 388.15            | 776.30    | 1,164.45    |
| Blue Shield Access+    | 813.17                | 1,626.34    | 2,114.24    | n/a               | n/a       | n/a         |
| Blue Shield Trio       | 624.93                | 1,249.86    | 1,624.82    | n/a               | n/a       | n/a         |
| Health Net Salud y Mas | 392.31                | 784.62      | 1,020.01    | n/a               | n/a       | n/a         |
| Health Net SmartCare   | 648.42                | 1,296.84    | 1,685.89    | n/a               | n/a       | n/a         |
| Kaiser                 | 664.39                | 1,328.78    | 1,727.41    | 339.43            | 678.86    | 1,018.29    |
| UnitedHealthcare       | 668.31                | 1,336.62    | 1,737.61    | 327.03            | 654.06    | 981.09      |
| PERS Choice            | 710.29                | 1,420.58    | 1,846.75    | 351.39            | 702.78    | 1,054.17    |
| PERS Select            | 435.74                | 871.48      | 1,132.92    | 351.39            | 702.78    | 1,054.17    |
| PERSCare               | 931.12                | 1,862.24    | 2,420.91    | 384.78            | 769.56    | 1,154.34    |
| PORAC                  | 699.00                | 1,399.00    | 1,894.00    | 513.00            | 1,022.00  | 1,635.00    |



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## Summary of Participant Data

### Participant Statistics

June 30, 2019

|                   | Miscellaneous | Safety | Total |
|-------------------|---------------|--------|-------|
| ■ Actives         |               |        |       |
| ● Counts          | 75            | 28     | 103   |
| ● Average         |               |        |       |
| » Age             | 46.5          | 40.5   | 44.9  |
| » City Service    | 15.1          | 12.8   | 14.5  |
| ■ Retirees        |               |        |       |
| ● Counts          | 58            | 44     | 102   |
| ● Average         |               |        |       |
| » Age             | 72.3          | 68.2   | 70.5  |
| » Retirement Age* | 58.1          | 53.7   | 57.1  |

\* Service Retirees only.



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## Summary of Participant Data

### Active Medical Coverage by Age Group

Miscellaneous

June 30, 2019

| Age         | Single | 2-Party | Family | Waived | Total |
|-------------|--------|---------|--------|--------|-------|
| Under 30    | 3      | 1       | -      | -      | 4     |
| 30-34       | 4      | 2       | 1      | -      | 7     |
| 35-39       | 3      | -       | 6      | 3      | 12    |
| 40-44       | 3      | -       | 9      | -      | 12    |
| 45-49       | 1      | 3       | 6      | -      | 10    |
| 50-54       | 1      | 3       | 4      | 1      | 9     |
| 55-59       | 4      | 4       | 8      | -      | 16    |
| 60-64       | -      | 3       | -      | -      | 3     |
| 65+         | 2      | -       | -      | -      | 2     |
| Total       | 21     | 16      | 34     | 4      | 75    |
| Average Age | 43.3   | 50.8    | 47.2   | 41.1   | 46.5  |



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City of San Fernando

## Summary of Participant Data

### Active Medical Coverage by Age Group

Safety

June 30, 2019

| Age         | Single | 2-Party | Family | Waived | Total |
|-------------|--------|---------|--------|--------|-------|
| Under 30    | 1      | 1       | 2      | 1      | 5     |
| 30-34       | 1      | 1       | -      | -      | 2     |
| 35-39       | -      | 2       | 7      | -      | 9     |
| 40-44       | -      | 1       | 2      | -      | 3     |
| 45-49       | -      | 2       | 2      | -      | 4     |
| 50-54       | -      | -       | 3      | -      | 3     |
| 55-59       | -      | -       | 1      | -      | 1     |
| 60-64       | -      | -       | 1      | -      | 1     |
| 65+         | -      | -       | -      | -      | -     |
| Total       | 2      | 7       | 18     | 1      | 28    |
| Average Age | 30.2   | 38.5    | 43.3   | 26.6   | 40.5  |



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## Summary of Participant Data

### Active Medical Coverage

Miscellaneous

June 30, 2019

| Medical Plan       | Single | 2-Party | Family | Waived | Total |
|--------------------|--------|---------|--------|--------|-------|
| Anthem Select      | -      | -       | 1      | -      | 1     |
| Anthem Traditional | -      | -       | -      | -      | -     |
| Blue Shield        | 6      | 7       | 19     | -      | 32    |
| Kaiser             | 12     | 8       | 11     | -      | 31    |
| PERSCare           | 3      | -       | 1      | -      | 4     |
| PERS Choice        | -      | 1       | 2      | -      | 3     |
| PORAC              | -      | -       | -      | -      | -     |
| Waived             | -      | -       | -      | 4      | 4     |
| Total              | 21     | 16      | 34     | 4      | 75    |



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## Summary of Participant Data

### Active Medical Coverage

Safety  
June 30, 2019

| Medical Plan       | Single | 2-Party | Family | Waived | Total |
|--------------------|--------|---------|--------|--------|-------|
| Anthem Select      | -      | -       | -      | -      | -     |
| Anthem Traditional | -      | -       | 1      | -      | 1     |
| Blue Shield        | -      | 2       | 4      | -      | 6     |
| Kaiser             | 2      | 1       | 6      | -      | 9     |
| PERSCare           | -      | 1       | 1      | -      | 2     |
| PERS Choice        | -      | -       | -      | -      | -     |
| PORAC              | -      | 3       | 6      | -      | 9     |
| Waived             | -      | -       | -      | 1      | 1     |
| Total              | 2      | 7       | 18     | 1      | 28    |



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## Summary of Participant Data

### Active Age Service Distribution

Miscellaneous  
June 30, 2019

| Age      | City Service |     |     |       |       |       |     | Total |
|----------|--------------|-----|-----|-------|-------|-------|-----|-------|
|          | <1           | 1-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25+ |       |
| Under 25 | -            | -   | -   | -     | -     | -     | -   | -     |
| 25-29    | 2            | -   | 2   | -     | -     | -     | -   | 4     |
| 30-34    | 2            | 3   | 1   | 1     | -     | -     | -   | 7     |
| 35-39    | -            | 4   | 3   | 5     | -     | -     | -   | 12    |
| 40-44    | 1            | 1   | 1   | 5     | 4     | -     | -   | 12    |
| 45-49    | -            | -   | -   | 2     | 4     | 3     | 1   | 10    |
| 50-54    | -            | 1   | 1   | 2     | 3     | 2     | -   | 9     |
| 55-59    | -            | 1   | 1   | -     | 1     | 4     | 9   | 16    |
| 60-64    | -            | -   | -   | -     | 2     | 1     | -   | 3     |
| 65+      | -            | -   | -   | -     | -     | -     | 2   | 2     |
| Total    | 5            | 10  | 9   | 15    | 14    | 10    | 12  | 75    |



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City of San Fernando

### Summary of Participant Data

### Active Age Service Distribution

Safety

June 30, 2019

| Age      | City Service |     |     |       |       |       |     | Total |
|----------|--------------|-----|-----|-------|-------|-------|-----|-------|
|          | <1           | 1-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25+ |       |
| Under 25 | -            | -   | -   | -     | -     | -     | -   | -     |
| 25-29    | 1            | 4   | -   | -     | -     | -     | -   | 5     |
| 30-34    | 1            | 1   | -   | -     | -     | -     | -   | 2     |
| 35-39    | -            | 1   | 2   | 4     | 2     | -     | -   | 9     |
| 40-44    | -            | -   | 1   | -     | 1     | 1     | -   | 3     |
| 45-49    | -            | -   | -   | -     | 4     | -     | -   | 4     |
| 50-54    | -            | -   | -   | -     | -     | 1     | 2   | 3     |
| 55-59    | -            | -   | -   | -     | -     | -     | 1   | 1     |
| 60-64    | -            | -   | -   | 1     | -     | -     | -   | 1     |
| 65+      | -            | -   | -   | -     | -     | -     | -   | -     |
| Total    | 2            | 6   | 3   | 5     | 7     | 2     | 3   | 28    |



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### Summary of Participant Data

### Retiree Medical Coverage by Age Group

Miscellaneous

June 30, 2019

| Age         | Single | 2-Party | Family | Waived | Total |
|-------------|--------|---------|--------|--------|-------|
| Under 50    | -      | -       | -      | -      | -     |
| 50-54       | -      | -       | -      | -      | -     |
| 55-59       | 4      | 2       | 1      | 1      | 8     |
| 60-64       | 4      | 2       | 1      | 2      | 9     |
| 65-69       | 4      | 4       | -      | 1      | 9     |
| 70-74       | 3      | 4       | -      | -      | 7     |
| 75-79       | 5      | 6       | -      | -      | 11    |
| 80-84       | 4      | 2       | -      | -      | 6     |
| Over 85     | 7      | 1       | -      | -      | 8     |
| Total       | 31     | 21      | 2      | 4      | 58    |
| Average Age | 74.3   | 72.3    | 61.0   | 62.5   | 72.3  |



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### Summary of Participant Data

#### Retiree Medical Coverage by Age Group

Safety

June 30, 2019

| Age         | Single | 2-Party | Family | Waived | Total |
|-------------|--------|---------|--------|--------|-------|
| Under 50    | -      | -       | 1      | -      | 1     |
| 50-54       | 1      | -       | 2      | -      | 3     |
| 55-59       | 1      | 5       | 3      | -      | 9     |
| 60-64       | 3      | 1       | -      | -      | 4     |
| 65-69       | 1      | 5       | 2      | 1      | 9     |
| 70-74       | 3      | 5       | -      | 3      | 11    |
| 75-79       | -      | 1       | -      | -      | 1     |
| 80-84       | -      | -       | -      | -      | -     |
| Over 85     | 3      | 2       | -      | 1      | 6     |
| Total       | 12     | 19      | 8      | 5      | 44    |
| Average Age | 72.0   | 68.5    | 57.4   | 75.4   | 68.2  |



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City of San Fernando

### Summary of Participant Data

#### Retiree Medical Coverage

Miscellaneous

June 30, 2019

| Medical Plan      | Single | 2-Party | Family | Waived | Total |
|-------------------|--------|---------|--------|--------|-------|
| Blue Shield       | 2      | 3       | -      | -      | 5     |
| Kaiser            | 12     | 3       | 1      | -      | 16    |
| United Healthcare | 2      | 7       | -      | -      | 9     |
| PERS Choice       | 3      | -       | 1      | -      | 4     |
| PERSCare          | 12     | 8       | -      | -      | 20    |
| PORAC             | -      | -       | -      | -      | -     |
| Waived            | -      | -       | -      | 4      | 4     |
| Total             | 31     | 21      | 2      | 4      | 58    |



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## Summary of Participant Data

### Retiree Medical Coverage

Safety

June 30, 2019

| Medical Plan      | Single | 2-Party | Family | Waived | Total |
|-------------------|--------|---------|--------|--------|-------|
| Blue Shield       | 1      | 1       | 1      | -      | 3     |
| Kaiser            | 3      | 4       | 2      | -      | 9     |
| United Healthcare | -      | -       | 1      | -      | 1     |
| PERS Choice       | -      | 1       | -      | -      | 1     |
| PERSCare          | 6      | 7       | -      | -      | 13    |
| PORAC             | 2      | 6       | 4      | -      | 12    |
| Waived            | -      | -       | -      | 5      | 5     |
| Total             | 12     | 19      | 8      | 5      | 44    |



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## Actuarial Valuation Information

### Actuarial Obligations

June 30, 2019

|                               | Cash Subsidy  | Implied Subsidy | Total         |
|-------------------------------|---------------|-----------------|---------------|
| ■ Present Value of Benefits   |               |                 |               |
| ● Actives                     | \$ 34,195,722 | \$ 5,273,190    | \$ 39,468,912 |
| ● Retirees                    | 19,640,702    | 2,504,553       | 22,145,255    |
| ● Total                       | 53,836,424    | 7,777,743       | 61,614,167    |
| ■ Actuarial Accrued Liability |               |                 |               |
| ● Actives                     | 18,624,950    | 2,835,409       | 21,460,359    |
| ● Retirees                    | 19,640,702    | 2,504,553       | 22,145,255    |
| ● Total                       | 38,265,652    | 5,339,962       | 43,605,614    |
| ■ Service Cost (2019/20)      | 1,380,206     | 208,568         | 1,588,774     |
| ■ Pay-As-You-Go Cost          | 982,850       | 128,930         | 1,111,780     |



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## Actuarial Valuation Information

### Projected Benefit Payments

June 30, 2019

| Fiscal Year Ended | Cash Subsidy* | Implied Subsidy | Total        |
|-------------------|---------------|-----------------|--------------|
| 2020              | \$ 982,850    | \$ 128,930      | \$ 1,111,780 |
| 2021              | 1,102,136     | 170,074         | 1,272,210    |
| 2022              | 1,222,118     | 201,786         | 1,423,904    |
| 2023              | 1,304,721     | 210,642         | 1,515,363    |
| 2024              | 1,419,156     | 247,550         | 1,666,706    |
| 2025              | 1,523,875     | 281,951         | 1,805,826    |
| 2026              | 1,571,055     | 275,662         | 1,846,717    |
| 2027              | 1,612,124     | 257,523         | 1,869,647    |
| 2028              | 1,629,056     | 232,139         | 1,861,195    |
| 2029              | 1,670,840     | 209,041         | 1,879,881    |

\* Actual 2019/20 cash benefit payment



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## Actuarial Valuation Information

### Additional Actuarial Assumptions

June 30, 2019

|                              | Actuarial Assumption  |
|------------------------------|---|
| ■ Medical Plan at Retirement | <ul style="list-style-type: none"> <li>■ Based on current retiree elections</li> <li>■ Future Retirees: same plan as current election (except if over age 65, those not in Kaiser, UHC or Anthem HMO assumed to elect UHC)</li> <li>■ Current Retirees &lt; 65: same plan as current election except if not in Kaiser, UHC or Anthem HMO, assumed to elect UHC</li> <li>■ Retirees currently over 65: current election</li> <li>■ Kaiser if waived</li> </ul> |
| ■ PEMHCA Administrative Fee  | ■ Not included in total OPEB liability  |
| ■ PPACA Excise Tax           | ■ 2% on cash benefit for PPACA High Cost Plan Excise Tax  |
| ■ Medicare Eligibility       | ■ All participants assumed to be Medicare eligible and elect Medicare plans at age 65   |
| ■ Spousal Coverage           | <ul style="list-style-type: none"> <li>■ Tier 1 &amp; 2 Future Retirees: 65% at retirement</li> <li>■ Tier 3 Future Retirees: 50% at participating retirees cover spouses</li> <li>■ Current Retirees: Same as current election</li> </ul>  |



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## Actuarial Valuation Information

### Additional Actuarial Assumptions

June 30, 2019

|                                  | Actuarial Assumption   |
|----------------------------------|--|
| ■ Surviving Spouse Participation | ■ Surviving Spouses assumed to continue coverage   |
| ■ Spouse Age                     | <ul style="list-style-type: none"> <li>■ Actives: Males 3 years older than females</li> <li>■ Retirees: Males 3 years older than females if spouse birth date not available</li> </ul>   |
| ■ Family Coverage Participation  | <ul style="list-style-type: none"> <li>■ Tier 1 &amp; 3 Future Retirees: 30% of future retirees under 65 will have a family coverage</li> <li>■ Tier 3 Future Retirees: 0% of future retirees will have family coverage</li> <li>■ Current Retirees: Same as current election until 65</li> <li>■ No family coverage upon reaching 65</li> </ul> |



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## Actuarial Valuation Information

### Additional Actuarial Assumptions

June 30, 2019

|                         | Actuarial Assumption   |
|-------------------------|--|
| ■ Basis for Assumptions | <ul style="list-style-type: none"> <li>■ No experience study performed for this Plan</li> <li>■ CalPERS 1997-2015 experience study was used</li> <li>■ Mortality improvement is a Society of Actuaries table</li> <li>■ Inflation based on our estimate for the Plan's long time horizon</li> <li>■ Age-based claims are based on CalPERS health plans demographics and factors developed by Axene Health Partners</li> <li>■ Short-term medical trend was developed in consultation with Axene Health Partners' healthcare actuaries. Long-term medical trend developed using the Society of Actuaries Getzen Model of Long-Run Medical Cost Trends</li> <li>■ Medical coverage and participation based in part on Plan experience</li> </ul> |



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**City of San Fernando  
Retiree Healthcare Plan**

**June 30, 2019 GASBS 75**

**Accounting Information**

As of Measurement Date June 30, 2018

Based on the June 30, 2017 Actuarial Valuation

Mary Elizabeth Redding, Vice President

Tak Frazita, Associate Actuary

Nathan Hinojosa, Actuarial Analyst

**Bartel Associates, LLC**

July 19, 2019

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## Applicable Dates

### Applicable Dates and Periods

|                            | <b>Fiscal Year Ending<br/>June 30, 2019</b> |
|----------------------------|---|
| ■ Measurement date         | June 30, 2018                               |
| ■ Measurement period       | July 1, 2017 to<br>June 30, 2018            |
| ■ Actuarial valuation date | June 30, 2017                               |

Update procedures were used to roll forward the Total OPEB Liability from the valuation date (June 30, 2017) to the measurement date (June 30, 2018).



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## Note Disclosures

### Plan Information

|                                     | <b>Fiscal Year Ending<br/>June 30, 2019</b> |
|-------------------------------------|---|
| ■ Plan type                         | Single Employer                             |
| ■ OPEB trust                        | No  |
| ■ Special funding situation         | No  |
| ■ Nonemployer contributing entities | No  |



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City of San Fernando

## Note Disclosures

### Covered Participants

At June 30, 2018, the measurement date, the following numbers of participants were covered by the benefit terms:

|  | Number of Covered Participants |
|--|--------------------------------|
| ■ Inactives currently receiving benefits               | 96                             |
| ■ Inactives entitled to but not yet receiving benefits | 8                              |
| ■ Active employees                                     | 100                            |
| ■ Total  | 204                            |



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## Note Disclosures

### Total OPEB Liability

|                              | Fiscal Year Ending          |                             |
|------------------------------|-----------------------------|-----------------------------|
|                              | 6/30/18                     | 6/30/19                     |
|                              | Measurement Date<br>6/30/17 | Measurement Date<br>6/30/18 |
| ■ Total OPEB Liability (TOL) | \$ 42,765,541               | \$ 44,197,996               |



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City of San Fernando

## Note Disclosures

### Changes in Total OPEB Liability

|  | <b>Total OPEB Liability</b> |
|--|-----------------------------|
| ■ Balance at 6/30/18<br>(6/30/17 measurement date) | \$42,765,541                |
| ■ Changes for the year                             |                             |
| • Service Cost                                     | 1,380,011                   |
| • Interest   | 1,552,449                   |
| • Changes of benefit terms                         | -                           |
| • Actual vs. expected experience                   | -                           |
| • Assumption changes                               | (425,186)                   |
| • Benefit payments*                                | (1,074,819)                 |
| ■ Net Changes                                      | 1,432,455                   |
| ■ Balance at 6/30/19<br>(6/30/18 measurement date) | \$44,197,996                |

\* See the measurement period column on page 16 for details.



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## Note Disclosures

### Sensitivity of Total OPEB Liability

#### ■ Changes in the Discount Rate

|                        | <b>Discount Rate</b>           |                                 |                                |
|------------------------|--------------------------------|---------------------------------|--------------------------------|
|                        | <b>1% Decrease<br/>(2.62%)</b> | <b>Current Rate<br/>(3.62%)</b> | <b>1% Increase<br/>(4.62%)</b> |
| ■ Total OPEB Liability | \$ 52,168,189                  | \$ 44,197,996                   | \$ 37,928,561                  |

#### ■ Changes in the Healthcare Trend Rate

|                        | <b>Healthcare Trend Rate</b> |                      |                    |
|------------------------|------------------------------|----------------------|--------------------|
|                        | <b>1% Decrease</b>           | <b>Current Trend</b> | <b>1% Increase</b> |
| ■ Total OPEB Liability | \$ 36,984,145                | \$ 44,197,996        | \$ 53,566,446      |



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## Note Disclosures

### OPEB Expense for Fiscal Year

|                 | <b>2018/19</b>                |
|-----------------|-------------------------------|
|                 | Measurement Period<br>2017/18 |
| ■ OPEB Expense* | \$ 2,049,199                  |

\* See page 21 for OPEB expense detail, which is not required disclosure.



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City of San Fernando

## Note Disclosures

### Deferred Outflows/Inflows Balances at June 30, 2019

|   | <b>June 30, 2019</b>                          |  |
|---|---|--|
|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
| ■ Differences between expected and actual experience              | \$ -  | \$ -   |
| ■ Changes in assumptions  | -   | 3,528,982                                    |
| ■ Employer contributions made subsequent to the measurement date* | 1,109,368                                     | -  |
| ■ Total   | 1,109,368                                     | 3,528,982                                    |

\* See page 16 for details.



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## Note Disclosures

### **Recognition of Deferred Outflows and Inflows of Resources in Future OPEB Expense**

| FYE June 30  | Deferred<br>Outflows/(Inflows)<br>of Resources |
|--------------|--|
| ■ 2020       | \$ (886,388)                                   |
| ■ 2021       | (886,388)                                      |
| ■ 2022       | (886,388)                                      |
| ■ 2023       | (804,957)                                      |
| ■ 2024       | (64,861)                                       |
| ■ Thereafter | -  |



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## Note Disclosures

### **Significant Actuarial Assumptions Used for Total OPEB Liability**

| Actuarial Assumption                                     | June 30, 2018 Measurement Date   |
|--|--|
| ■ Actuarial Valuation Date                               | ■ June 30, 2017  |
| ■ Contribution Policy                                    | ■ No pre-funding   |
| ■ Discount Rate  | ■ 3.62% at June 30, 2018<br>(Fidelity GO AA-20 year Index)<br>■ 3.56% at June 30, 2017<br>(Fidelity GO AA-20 year Index) |
| ■ General Inflation                                      | ■ 2.75% annually   |
| ■ Mortality, Retirement,<br>Disability, Termination      | ■ CalPERS 1997-2015 Experience Study   |
| ■ Mortality Improvement                                  | ■ Post-retirement mortality projected fully<br>generational with Scale MP-2017   |
| ■ Expected Long-Term<br>Rate of Return on<br>Investments | ■ N/A  |



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City of San Fernando

## Note Disclosures

### **Significant Actuarial Assumptions Used for Total OPEB Liability**

| Actuarial Assumption                           | June 30, 2018 Measurement Date  |
|--|---|
| ■ Salary Increases                             | <ul style="list-style-type: none"> <li>■ Aggregate - 3% annually</li> <li>■ Merit - CalPERS 1997-2015 Experience Study</li> </ul>   |
| ■ Medical Trend                                | <ul style="list-style-type: none"> <li>■ Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076</li> <li>■ Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076</li> </ul>  |
| ■ Healthcare Participation for Future Retirees | <ul style="list-style-type: none"> <li>■ Medical coverage: Same as current election</li> <li>■ Tier 1 &amp; 2: 100% of future retirees will participate if currently covered</li> <li>■ Tier 3: 50% of future retirees will participate if currently covered</li> <li>■ Currently waived: 50% of the above rates</li> </ul> |



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City of San Fernando

## Note Disclosures

### **Changes Since June 30, 2017 Measurement Date**

|                            | June 30, 2018 Measurement Date  |
|----------------------------|---|
| ■ Changes of assumptions   | ■ Discount rate was updated based on municipal bond rate as of the measurement date |
| ■ Changes of benefit terms | ■ None  |



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City of San Fernando

**Required Supplementary Information**

**Schedule of Changes in Total OPEB Liability and Related Ratios**

|  | <b>2018/19</b>                        |
|--|---------------------------------------|
|  | <b>Measurement Period<br/>2017/18</b> |
| ■ Changes in Total OPEB Liability          |                                       |
| ● Service Cost                             | \$ 1,380,011                          |
| ● Interest                                 | 1,552,449                             |
| ● Changes of benefit terms                 | -                                     |
| ● Actual vs. expected experience           | -                                     |
| ● Assumption changes                       | (425,186)                             |
| ● Benefit payments                         | (1,074,819)                           |
| ■ Net Changes                              | 1,432,455                             |
| ■ Total OPEB Liability (beginning of year) | 42,765,541                            |
| ■ Total OPEB Liability (end of year)       | 44,197,996                            |



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**Required Supplementary Information**

**Schedule of Changes in Total OPEB Liability and Related Ratios**

|  | <b>2018/19</b> |
|--|----------------|
| ■ Total OPEB Liability   | \$ 44,197,996  |
| ■ Covered employee payroll*  | 8,291,994      |
| ■ Total OPEB Liability as a percentage of covered employee payroll | 533.0%         |

\* For the 12-month period ending on June 30, 2018 (Measurement Date).



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City of San Fernando

## Actuarial Certification

This report presents City of San Fernando Retiree Healthcare Plan 2018/19 disclosure under Governmental Accounting Standards Board Statement No. 75 (GASBS 75). The Journal Entries in this report are provided for the City's convenience and are not an actuarial communication and this actuarial certification does not apply to them.

The report provides information intended for reporting under GASBS 75, but may not be appropriate for other purposes. Information provided in this report may be useful to the City for the Plan's financial management. Future valuations may differ significantly if the Plan's experience differs from our assumptions or if there are changes in Plan design, actuarial methods, or actuarial assumptions. The project scope did not include an analysis of this potential variation.

The valuation is based on Plan provisions and participant data provided by the City, which we relied on and did not audit. We reviewed the participant data for reasonableness. As permitted under GASBS 75, the total OPEB liability has been calculated from the June 30, 2017 actuarial valuation. As the actuary, Bartel Associates has recommended the assumptions used in this report, and we believe they are reasonable.

To the best of our knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principles and practices. Additionally, in our opinion, actuarial methods and assumptions comply with GASBS 75. As members of the American Academy of Actuaries meeting the Academy Qualification Standards, we certify the actuarial results and opinions herein.

Respectfully submitted,



Mary Elizabeth Redding, FSA, EA, FCA, MAAA  
Vice President  
Bartel Associates, LLC  
July 19, 2019



Tak Frazita, FSA, EA, FCA, MAAA  
Associate Actuary  
Bartel Associates, LLC  
July 19, 2019



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## Supporting Calculations

### Employer Contributions

|                                    | Measurement Period | Measurement Date to FYE | Prior Measurement Date to Prior FYE |
|------------------------------------|--------------------|-------------------------|-------------------------------------|
|                                    | 7/1/17 to 6/30/18  | 7/1/18 to 6/30/19       | Same as Measurement Period          |
| ■ Cash benefit payments            | \$ 953,833         | \$ 938,097              | N/A                                 |
| ■ Implied subsidy benefit payments | 120,986            | 169,041                 | N/A                                 |
| ■ Total benefit payments           | 1,074,819          | 1,107,138               | N/A                                 |
| ■ Administrative expenses          | 3,127              | 2,230                   | N/A                                 |
| ■ Total employer contributions     | 1,077,946          | 1,109,368               | N/A                                 |

Measurement period (7/1/17 to 6/30/18): \$1,077,946

Fiscal year (7/1/18 to 6/30/19): \$1,109,368



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City of San Fernando

## Supporting Calculations

### Average of the Expected Remaining Service Lives

As of July 1, 2017 (beginning of the measurement period):

|   | 2018/19                       |
|---|-------------------------------|
|   | Measurement Period<br>2017/18 |
| ■ Total expected remaining service lives*                                   | 1,130 years                   |
| ■ Covered participants*   | 193                           |
| ■ Average of the expected remaining service lives<br>(not less than 1 year) | 5.9 years                     |

\* Participants with no liability excluded for the purpose of calculating the average.



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City of San Fernando

## Supporting Calculations

### Recognition of Deferred Outflows/Inflows at June 30, 2019

#### Differences between Expected and Actual Experience

| Fiscal Year | Initial Amt | Initial<br>Recog<br>Period | Amount Recognized in OPEB Expense for FY |       |       |       |       |       |        | Deferred Balances<br>June 30, 2019 |           |
|-------------|-------------|----------------------------|--|-------|-------|-------|-------|-------|--------|------------------------------------|-----------|
|             |             |                            | 18/19                                    | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25+ | Outflows                           | (Inflows) |
| 17/18       | -           | -                          | -  | -     | -     | -     | -     | -     | -      | -                                  | -         |
| 18/19       | -           | -                          | -  | -     | -     | -     | -     | -     | -      | -                                  | -         |
| Total       |             |                            | -  | -     | -     | -     | -     | -     | -      | -                                  | -         |



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City of San Fernando

## Supporting Calculations

### **Recognition of Deferred Outflows/Inflows at June 30, 2019** **Changes of Assumptions**

| Fiscal Year | Initial Amt | Initial Recog Period | Amount Recognized in OPEB Expense for FY |           |           |           |           |          |        | Deferred Balances June 30, 2019 |             |
|-------------|-------------|----------------------|--|-----------|-----------|-----------|-----------|----------|--------|---------------------------------|-------------|
|             |             |                      | 18/19                                    | 19/20     | 20/21     | 21/22     | 22/23     | 23/24    | 24/25+ | Outflows                        | (Inflows)   |
| 17/18       | (4,804,507) | 5.9                  | (814,323)                                | (814,323) | (814,323) | (814,323) | (732,892) | -        | -      | -                               | (3,175,861) |
| 18/19       | (425,186)   | 5.9                  | (72,065)                                 | (72,065)  | (72,065)  | (72,065)  | (72,065)  | (64,861) | -      | -                               | (353,121)   |
| Total       |             |                      | (886,388)                                | (886,388) | (886,388) | (886,388) | (804,957) | (64,861) | -      | -                               | (3,528,982) |



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## Supporting Calculations

### **Recognition of Deferred Outflows/Inflows in Future OPEB Expense**

|  | 19/20     | 20/21     | 21/22     | 22/23     | 23/24    | Thereafter<br>24/25+ |
|--|-----------|-----------|-----------|-----------|----------|----------------------|
| ■ Differences between Expected and Actual Experience | \$ -      | \$ -      | \$ -      | \$ -      | \$ -     | \$ -                 |
| ■ Changes of Assumptions                             | (886,388) | (886,388) | (886,388) | (804,957) | (64,861) | -                    |
| ■ Total  | (886,388) | (886,388) | (886,388) | (804,957) | (64,861) | -                    |



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## Supporting Calculations

### Components of GASBS 75 OPEB Expense

|  | 2018/19                       |
|--|-------------------------------|
|  | Measurement Period<br>2017/18 |
| ■ Service Cost                               | \$ 1,380,011                  |
| ■ Interest on Total OPEB Liability           | 1,552,449                     |
| ■ Administrative expense                     | 3,127                         |
| ■ Changes of benefit terms                   | -                             |
| ■ Recognition of deferred outflows/(inflows) |                               |
| ● Experience                                 | -                             |
| ● Assumptions                                | (886,388)                     |
| ■ OPEB Expense                               | 2,049,199                     |



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## Supporting Calculations

### Components of GASBS 75 OPEB Expense Calculation of Interest on Total OPEB Liability

|                            | Dollar<br>Amount | Discount<br>Rate | Portion of<br>Year | Interest     |
|----------------------------|------------------|------------------|--------------------|--------------|
| ■ Total OPEB Liability     | \$ 42,765,541    | 3.56%            | 100%               | \$ 1,522,453 |
| ■ Service Cost             | 1,380,011        | 3.56%            | 100%               | 49,128       |
| ■ Changes of benefit terms | -                | 3.56%            | 0%                 | -            |
| ■ Assumption changes*      | (425,186)        | 3.56%            | 0%                 | -            |
| ■ Benefit payments         | (1,074,819)      | 3.56%            | 50%                | (19,132)     |
| ■ Total interest           |                  |                  |                    | 1,552,449    |

\* Liability determined as of the end of the measurement period, so no interest charge is applicable.



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## Supporting Calculations

### GASBS 75 Balance Equation

|                                    | Fiscal Year Ending |                  |
|------------------------------------|--------------------|------------------|
|                                    | 6/30/18            | 6/30/19          |
|                                    | Measurement Date   | Measurement Date |
|                                    | 6/30/17            | 6/30/18          |
| ■ Total OPEB Liability             | \$ 42,765,541      | \$ 44,197,996    |
| ■ Fiduciary Net Position           | -                  | -                |
| ■ Net OPEB Liability               | 42,765,541         | 44,197,996       |
| ■ Deferred inflows of resources    | 3,990,184          | 3,528,982        |
| ■ Deferred (outflows) of resources | -                  | -                |
| ■ Balance Sheet                    | 46,755,725         | 47,726,978       |

Check:

|                           |               |
|---------------------------|---------------|
| ■ Balance Sheet 6/30/18   | \$ 46,755,725 |
| ● OPEB Expense            | 2,049,199     |
| ● Employer Contributions* | (1,077,946)   |
| ■ Balance Sheet 6/30/19   | 47,726,978    |

\* See the measurement period column on page 16 for details.



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## Supporting Calculations

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## Journal Entries

### Employer Contributions

The entries below assume cash benefit payments, Trust contributions, and administrative expenses have been charged to "OPEB Expense" when paid, and that no accounting entries have been made for the current year implied subsidy payment.

Following records the impact of employer contributions as deferred outflows of resources and as a reduction to Net OPEB Liability.

|  | <b>Debit</b> | <b>(Credit)</b> |
|--|--------------|-----------------|
| ■ Net OPEB Liability                       | \$ 1,077,946 | \$ -            |
| ■ Deferred Outflow - FY 2018 contributions | -            | (1,077,946)     |
| ■ Deferred Outflow - FY 2019 contributions | 1,109,368    | -               |
| ■ Active employee health care costs        | -            | (169,041)       |
| ■ OPEB Expense                             | -            | (940,327)       |

*Check* 2,187,314 (2,187,314)



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## Journal Entries

### Summary Journal Entries - OPEB Expense

Following records the impact of current year OPEB expense

|                            | <b>Debit</b> | <b>(Credit)</b> |
|----------------------------|--------------|-----------------|
| ■ Deferred Outflows*       | \$ -         | \$ -            |
| ■ Deferred Inflows**       | 461,202      | -               |
| ■ OPEB Expense/Credit      | 2,049,199    | -               |
| ■ Net OPEB Liability/Asset | -            | (2,510,401)     |

*Check* 2,510,401 (2,510,401)

\* See page 28 ('Subtotal' row) for details.

\*\* See page 29 for details.



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## Journal Entries

### Ending Balances at June 30, 2019

|  | Debit      | (Credit)     |
|--|------------|--------------|
| ■ Deferral: Differences between expected and actual experience | \$ -       | \$ -         |
| ■ Deferral: Changes of assumptions                             | -          | (3,528,982)  |
| ■ Net OPEB Liability (NOL)                                     | -          | (44,197,996) |
| ■ Contributions after the Measurement Date                     | 1,109,368  | -            |
| ■ Net Impact   | 46,617,610 | -            |

*Check:* 47,726,978 (47,726,978)

|  |           |   |
|--|-----------|---|
| ■ Total OPEB expense/(income) for FYE 2019 | 2,049,199 | - |
|--|-----------|---|



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## Journal Entries

### Reconciliation of Deferred Outflows

Detail for page 26

| Deferred Outflows                                    | Opening<br>Balance -<br>Debit | Journal<br>Entry -<br>Debit | Journal<br>Entry -<br>(Credit) | Ending<br>Balance -<br>Debit |
|--|-------------------------------|-----------------------------|--------------------------------|------------------------------|
| ■ Differences between actual and expected experience | \$ -                          | \$ -                        | \$ -                           | \$ -                         |
| ■ Change in assumptions                              | -                             | -                           | -                              | -                            |
| ■ Subtotal - actuarial deferrals                     | -                             | -                           | -                              | -                            |
| ■ Contributions after the Measurement Date           | 1,077,946                     | 1,109,368                   | (1,077,946)                    | 1,109,368                    |
| ■ Total Deferred Outflows                            | 1,077,946                     | 1,109,368                   | (1,077,946)                    | 1,109,368                    |



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## Journal Entries

### Reconciliation of Deferred Inflows

Detail for page 26

| Deferred Inflows                                     | Opening<br>Balance -<br>(Credit) | Journal<br>Entry -<br>(Credit) | Journal<br>Entry -<br>Debit | Ending<br>Balance -<br>(Credit) |
|--|----------------------------------|--------------------------------|-----------------------------|---------------------------------|
| ■ Differences between actual and expected experience | \$ -                             | \$ -                           | \$ -                        | \$ -                            |
| ■ Change in assumptions                              | (3,990,184)                      | -                              | 461,202                     | (3,528,982)                     |
| ■ Total Deferred (Inflows)                           | (3,990,184)                      | -                              | 461,202                     | (3,528,982)                     |



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## Journal Entries

### Reconciliation of Deferred Outflows/(Inflows)

#### Summary of Balances

|                                   | Fiscal Year Ending          |                             |
|-----------------------------------|-----------------------------|-----------------------------|
|                                   | 6/30/18                     | 6/30/19                     |
|                                   | Measurement Date<br>6/30/17 | Measurement Date<br>6/30/18 |
| ■ Total OPEB (Liability)          | \$ (42,765,541)             | \$ (44,197,996)             |
| ■ Fiduciary Net Position          | -                           | -                           |
| ■ Net OPEB (Liability)/Asset      | (42,765,541)                | (44,197,996)                |
| ■ Deferred (inflows) of resources | (3,990,184)                 | (3,528,982)                 |
| ■ Deferred outflows of resources  | 1,077,946                   | 1,109,368                   |
| ■ Balance Sheet Impact            | (45,677,779)                | (46,617,610)                |

Deferred Outflows include contributions after the measurement date.



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