Proposal to Provide
Actuarial Services to

VILLAGE OF OAK PARK, ILLINOIS

For the Fiscal Years Ending
December 31, 2017 through December 31, 2019

Lauterbach & Amen, LLP

Certified Public Accountants
27W457 Warrenville Road
Warrenville, Illinois 60555-3902
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Proposal to Provide
Actuarial Services to

VILLAGE OF OAK PARK, ILLINOIS
FOR THE
POLICE AND FIREFIGHTERS' PENSION FUNDS

For the Fiscal Years Ending
December 31, 2017 through December 31, 2019

Submitted by:

Lauterbach & Amen, LLP
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August 7, 2017

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Lauterbach & Amen, LLP

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Lauterbach & Amen, LLP

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INTRODUCTION

Lauterbach & Amen, LLP

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Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

PROPOSAL TO PROVIDE ACTUARIAL SERVICES

August 7, 2017

Village of Oak Park
123 Madison Street
Oak Park, Illinois 60302

Lauterbach & Amen, LLP is pleased to submit our proposal to provide actuarial consulting services for the Village of Oak Park, Illinois and its Police and Firefighters' Pension Funds. Lauterbach & Amen, LLP ("L&A") works exclusively in the governmental sector and specializes in Police and Firefighters' Pension Funds, Municipalities and Districts, allowing us to provide an unrivaled commitment to exceeding your expectations with regards to quality service and government-specific actuarial expertise.

Our approach to actuarial services is more than just "number crunching". Not only do we perform a comprehensive annual assessment of the financial condition of your Funds, we also work collaboratively with your Board members and Trustees in establishing and monitoring reasonable long-term strategic objectives. Our job is to help you understand the key aspects of the actuarial process to ensure you can make informed decisions about your plan and anticipate future events that could be crucial to those decisions. We advocate attendance at meetings and being readily accessible to answer questions.

This proposal covers all scope of services as detailed in your Request for Proposal dated July 17, 2017. In-person meetings to discuss results with one of our actuaries, at your location, are included at no additional charge. Our fees quoted herein are a firm and irrevocable offer for the next 90 days. We will furnish all personnel, supervision, labor, materials, machinery, tools, appurtenances, equipment, and services, including licenses, necessary to provide services in accordance with this proposal. Actuarial valuations completed for the Village will be prepared by a highly qualified Illinois-based actuarial staff under my direct supervision.

Please call or email me if you have questions about our proposal.

Respectfully Submitted,

LAUTERBACH & AMEN, LLP

Todd A. Schroeder

Todd A. Schroeder, EA

FIRM INTRODUCTION

Lauterbach & Amen, LLP

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FIRM INFORMATION

Firm Structure and Philosophy

L&A is very different from most accounting and actuarial firms in that we are specialized in the governmental sector. We provide a wide range of accounting and benefits administration services including taxes, monthly accounting and bookkeeping for units of governments, benefits administration for Police and Firefighter Pension Funds, and actuarial services for pensions and retiree medical benefits. As a client of L&A, you will be served by partners and credentialed actuaries whose experience and depth of knowledge will become a valuable management resource.

A close working relationship with management on a year-round basis is the best way to provide our clients with the benefit of our knowledge. This approach also allows for timely resolution of questions and problems as they arise rather than after the fact. Through a deeper understanding of our client's activities, and a close working relationship with management, L&A can best respond to and help initiate programs that lead to improved operations and efficiencies.

L&A has provided services for Police and Firefighter Pension Funds for 20 years. We stay current on all the latest legislation through our contacts in the state and professional conferences. Our firm currently provides actuarial services for roughly 275 Police and Firefighter Pension Funds. We also retain actuarial valuation work for nearly 200 municipal clients throughout Illinois, Wisconsin and Texas. We have been providing actuarial services for the past six years through an actuarial staff with 55 years of combined actuarial and public pension plan experience.

Additionally, L&A provides accounting and benefits administration to roughly 230 Police and Firefighter Pension Funds. We also remit benefit payments to over 8,000 pensioners each month.

Our Office is Located in Warrenville, Illinois

Our Professional Personnel Includes:

Partners	*5*
Directors	*2*
Principals	*9*
Staff	*91*
Total	*107*

L&A Focuses on Close Working Relationships with Management; we Encourage Face-to-Face Meetings with our Actuaries.

L&A serves over 300 Police and Firefighter Pension Funds within the State of Illinois.

ACTUARIAL PERSONNEL

Lauterbach & Amen, LLP

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Actuarial Personnel

Actuarial Team Structure

Our actuarial team at L&A works under a flat organizational structure in order to empower our employees to better serve our clients at all levels. We currently have two Enrolled Actuaries on staff, two experienced actuarial consultants, and two workflow managers that pull everything together internally as well as for our clients.

The role of your actuarial consultants is to oversee the preparation of actuarial calculations. The consultants do not have any responsibilities other than providing actuarial services. The role of the Enrolled Actuaries is to review all actuarial calculations and present findings to our clients. Meetings will be attended by Todd Schroeder, Enrolled Actuary, or Dennis Dressel, Enrolled Actuary, and one actuarial consultant. In addition, Colleen Trela, Operations Director for our Actuarial Department, will be your day-to-day contact.

Personnel Changes

In the event that any key team members managing the assignment leave the organization, our firm retains relationships with other professionals in the field, to ensure your actuarial needs are always met. We also maintain relationships with actuarial departments at local universities. These relationships enable us to hire quickly to maintain appropriate staff levels at all times.

Our Actuarial Philosophy

We consider it essential to maintain the lines of communication throughout the year, both formally (via meetings, letters, etc.) and informally (via telephone calls, emails, etc.). Our goal is to keep clients advised of changes and emerging developments related to government pensions, including economic conditions that might impact the security and sustainability of those benefits.

The success of our engagements results from our actuarial team's dedication to client service. Other aspects of our actuarial practice that make L&A different from our competitors include:

- A singular focus on actuarial services to ***public pension plans***
- Strong ***local actuarial team*** based in Illinois
- GASB governmental pension accounting expertise
- Collaborative approach to setting long-term financial objectives with Boards and Trustees

Todd A. Schroeder

Mr. Schroeder has 19 years of experience serving clients in the governmental and private sectors. He has participated in numerous governmental engagements, including public pension funds, school districts, Cities and Villages, and various other units of government. He has also provided actuarial services to companies in the private sector.

Educational and Membership Background

- Drake University, BS/BA Actuarial Science
- Enrolled Actuary
- Member of the American Academy of Actuaries
- Member of Illinois Public Pension Fund Association
- Member of the Illinois Professional Firefighters' Association
- Instructor, Illinois Public Pension Fund Association Certified Trustee Program
- Instructor, Pension Fund Member Workshops
- Speaker, Illinois Association of Fire Protection Districts (IAFPD)
- Speaker, Illinois Municipal Treasurers Association (IMTA)
- Speaker, Illinois Professional Firefighters Association (IPFA)
- Speaker, Illinois Public Pension Fund Association (IPPFA)
- Speaker, Northern Illinois Alliance of Fire Protection Districts (NIAFPD)

Governmental Experience

Mr. Schroeder's experience in the governmental sector includes actuarial calculations for over 300 units of government including, public pension funds, Districts and Municipalities. This experience includes determination of funding requirements for IL Police and Firefighters' Pension Funds, pension funding policies and determinations for financial statement reporting.

Mr. Schroeder has worked frequently with Municipalities and Pension Boards in creating Funding Policies for use in financial statements and levy determinations.

KEY ENGAGEMENT PERSONNEL

Dennis Dressel

Mr. Dressel has 20 years of actuarial consulting experience serving clients in the private and governmental sectors. His background includes working as an investigator enforcing federal pension laws for the U.S. Department of Labor and providing lead audit support for defined benefit plans for a large national accounting firm.

Educational and Membership Background

- University of Illinois, B.S. Actuarial Science
- Enrolled Actuary
- Member of the American Academy of Actuaries
- Certificate in Global Benefits Management from the International Foundation of Employee Benefit Plans
- Speaker, *Pensions & Investments* Conferences on Pension Risk Transfer and Annuitization Topics
- Published Articles on a Variety of Pension Topics Including Technical Analyses of New Legislation and Strategy Papers on Plan Terminations, Lump Sum Payouts, Dynamic Asset Allocation and Annuity Buyouts
- Former NASD/FINRA Series 6, 7 and 63 Investment Licenses

Pension/Actuarial Experience

Mr. Dressel's governmental sector experience includes previously providing actuarial services to the Chicago Laborers' and Municipal Employee's Pension Funds. He also managed an actuarial department at the Ford Motor Company, where he oversaw multi-billion dollar pension funds, and has assisted many organizations with negotiation of pension benefits during the collective bargaining process.

In addition, Mr. Dressel has served on fiduciary committees for large private sector pension funds, and has developed and executed Funding Policies and risk management strategies for some of the largest pension plans in the country.

YOUR ACTUARIAL TEAM

Todd Schroeder

Todd is a Director and Head of Actuarial Services at L&A with over 19 years of actuarial consulting experience. He is an Enrolled Actuary with a Bachelor's degree from Drake University. His role is to review all actuarial calculations and present findings at client meetings.

Dennis Dressel

Dennis is an Enrolled Actuary with over 20 years of actuarial consulting experience. He is an Enrolled Actuary with a Bachelor's degree from the University of Illinois/Champaign. His role is to review actuarial calculations and present findings to clients.

Colleen Trela

Colleen is the Operations Director for Actuarial Services at L&A. She has 10 years of experience with public pension plans and is a primary point of contact for our clients for day-to-day activities. Colleen discusses preliminary valuation results with our clients, and coordinates the delivery of valuation reports and client meetings with our actuaries.

Jessica Fain

Jessica is an actuarial consultant with a Bachelor's degree from the University of Georgia and Master's degree from Roosevelt University. Her roles include setting up actuarial valuations and multi-year projections, and attending client meetings.

Alyssa Ruan

Alyssa is a client workflow manager with two years of public plan experience and a Bachelor's degree from the University of Illinois/Chicago. Her role is dedicated to coordinating the actuarial valuation process, and ensuring the team's quality control steps and peer review processes are completed.

Daniella Ciolino

Daniella is an actuarial consultant with a Bachelor's degree in Mathematics from North Central College. Her roles include processing pension and OPEB valuations.

MANAGEMENT COMMITMENT & EDUCATION/TRAINING

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MANAGEMENT COMMITMENT & EDUCATION/TRAINING

Management Commitment

L&A is fully committed to providing exceptional services to the public pension market. This includes a broad array of actuarial, audit, benefits administration, training and other pension-related services. We serve over 300 public pension funds including an actuarial market share in Illinois of roughly 40%. As a result, we now serve as plan actuary, and have more actuarial staff fully dedicated to Illinois public pension plans, than any other provider. In short, the strength of our actuarial service line and market position are testaments to our commitment to meeting your long-term actuarial consulting needs.

Education/Training

In addition to our accounting and actuarial staffs maintaining their required continuing education credits, several of our partners, directors, principals and mangers are routinely invited to speak at local and state-wide pension conferences and regularly instruct sections of the IPPFA ("Illinois Public Pension Fund Association") Certified Trustee Program.

Our involvement in the local government field includes active membership in those professional organizations which serve the financial and management staffs of local governments, as follows:

- Government Finance Officers Association
- Illinois Government Finance Officers Association
- Illinois CPA Society Committees on Governmental Accounting
- American Institute of Certified Public Accountants
- Illinois Municipal Treasurers Association
- Illinois Public Pension Fund Association
- Illinois Association of Park Districts/Illinois Park & Recreation Association
- Special Review Committee – GFOA - Certificate of Achievement Program
- IGFOA Associate Board Member
- IGFOA Technical Accounting Review Committee (Responds to GASB Exposure Drafts)
- Illinois Department of Insurance – Task Force
- Michigan Association of Public Employee Retirement Systems

In addition, we have written articles for publication, instructed training courses and conducted public presentations for a number of the organizations listed above.

L&A currently offers training options to plan fiduciaries for an additional fee. These include:

- *Funding Policy* and *Long-Term Health of the Fund* trainings: We are currently certified to provide *Trustee Trainings* where Trustees can earn CPE credits.
- *Active Member Training* which includes a complete review of all benefits being paid and trainings to active members regarding the statutes governing their pension

Technology & Quality Assurance

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TECHNOLOGY & QUALITY ASSURANCE

Actuarial Valuation Software

As a firm, we develop and maintain our own proprietary actuarial valuation software. Our system includes capabilities for providing the pension plan's regular tax levy calculations and required GASB 67/68 projections and disclosures.

In addition, our valuation software includes capabilities for providing scenario planning, sensitivity analysis to various assumption changes, multi-year cash funding projections, and transition plans into alternative funding policies. We believe these additional capabilities are invaluable when it comes to helping our clients make long-term strategic planning decisions.

Peer Review

L&A reports are reviewed by numerous federal and state oversight agencies as well as other external professional agencies and organizations. The feedback from the independent reviews of our clients' financial statements indicates that L&A's reports meet, if not exceed, industry standards and reporting requirements. These reviews were undertaken as a condition of membership in the American Institute of Certified Public Accountants (AICPA), the national organization of CPAs in public practice, industry, government and education.

Quality Control

Our Quality Assurance Team is responsible for reviewing all financial statements before issuance, assisting in technical inquiries and reviewing reports of all engagements to verify compliance with professional standards and Firm policies. The processes we follow before delivering any report to a client are quite rigorous. All inputs and outputs from our valuation software, including summary actuarial valuation reports, are reviewed by at least three members of our actuarial team for both technical accuracy and general reasonableness.

In addition, the actuaries at L&A adhere to the high ethical standards detailed within the profession's Actuarial Standards of Practice (ASOPs). These evolving standards provide guidance on developing reasonable, best practices when it comes to setting actuarial assumptions and methods, as well as the measurement of pension obligations. Relevant pension-related ASOPs include:

Quality Control – Continued

- ASOP #4, *Measuring Pension Obligations & Determining Plan Costs/ Contributions*
- ASOP #23, *Data Quality*
- ASOP #27, *Selection of Economic Assumptions for Measuring Pension Obligations*
- ASOP #35, *Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations*
- ASOP #41, *Actuarial Communications*
- ASOP #44, *Selection and Use of Asset Valuation Methods for Pension Valuations*

Our actuaries are guided by the professional responsibility to develop a reasonable "best-estimate" for each assumption and method used in the determination of pension plan liabilities, without introducing any unduly aggressive or conservative assumptions into the measurement process, then to work collaboratively with clients in setting long-term funding policies to meet those obligations. This approach helps to instill credibility in all calculations, adheres to the professional requirements of the ASOPs, minimizes tax levy surprises down the road, and maintains financial flexibility and options for Board members and Trustees.

Employee Conduct

L&A has procedures in place for employee conduct. The procedures address all areas of work including ethics, use of email, conflicts of interest, etc. Procedures include an annual review process to monitor and address adherence to firm policies. Employee conduct is also guided and monitored by the professional governing bodies they represent.

No member of our firm has been sanctioned by any licensing or regulatory body in the last five (5) years. Employers are permitted to make employment decisions based on criminal record, when a conviction is job-related and/or may affect their ability to perform the job. L&A will not employ an individual in a particular position if we are aware of his/her felony conviction(s), and by having such felony conviction(s) would impose significant risk to our firm, employees, and/or clients.

There have been no Counseling and Discipline complaints filed with any Actuarial Board against L&A or any of its actuaries.

TECHNOLOGY & QUALITY ASSURANCE

Conflicts of Interest

Currently, there are no potential conflict of interest issues regarding our firm servicing the Village of Oak Park, Illinois.

As a firm, we maintain a client services database and, annually, all employees receive and attest to an Employee Independence Representation.

Specific guidelines to be followed, should a conflict of interest issue arise, are those set forth in the American Institute of Certified Public Accountants' (AICPA) Code of Professional Ethics. Additionally, we are in compliance with the standards established by the General Accounting Office (GOA).

Insurance

Our firm carries Errors & Omissions insurance. Our policy limit is $5,000,000. Any client can be listed as an additional insured on this policy, by request, once a signed engagement letter for services is received by L&A.

Disaster Recovery Plan

L&A's electronic files are backed up twice daily and then again at the close of business each day. Weekly and then monthly backups are also performed and maintained offsite.

Nearly all paper copies of client files are maintained electronically, which are included in the electronic files backup process as described above. The most current two years of client paper copies are maintained onsite, with three additional years of files being maintained offsite.

L&A adheres to the State of Illinois' recommended practices for records retention.

Actuarial Valuation Process

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Actuarial Valuation Process

Overall Approach

An actuarial valuation is more than just "number crunching". It is an annual assessment of the financial condition of your benefit program. There are a myriad of different methods and assumptions that can be used in the development of valuation results. Our job is to help you understand the key aspects of the actuarial process to ensure that you are able to make informed decisions about your plan and anticipate outside influences that may be crucial to those decisions.

Pension Valuation Process

Our general process for actuarial valuations is shown on the following page as a series of steps. Execution of the process blends one step into the next with some steps overlapping. The valuation will be conducted in a manner consistent with the Code of Professional Conduct and Qualification Standards of the American Academy of Actuaries, including applicable Actuarial Standards of Practice (ASOPs). The process is generally repeated, with some modification, to develop separate results for recommended contributions, Illinois statutory minimum contributions and GASB 67/68 financial disclosures. One valuation report is developed specifically to detail the results of the recommended and statutory minimum contributions, while a separate report details results under GASB 67/68 governmental accounting for pensions.

ACTUARIAL VALUATION PROCESS

Planning Discussion

- Annual review of engagement scope, project timing and deliverables
- Up front consultation around strategic objectives
- "No surprises" approach to the key drivers of results

Data Collection

- Member Census Data
- Benefit Formulas
- Plan Assets

Assumption Setting

- Expected Asset Return
- Salary Scale
- Mortality
- Other Demographic

Cost Methods & Funding Policies

- Actuarial Cost Method
- Amortization Method
- Amortization Target
- Asset Val. Method

Determining Plan Costs

- Normal Costs
- Accrued Liabilities
- Actuarial Asset Values
- Required Contributions

Technical & Peer Review

- Three levels of technical review for quality control throughout the process
- Independent peer review to ensure reasonableness of results
- Highly qualified and experienced Illinois-based actuarial team

Presentation of Results

- Face-to-face meetings strongly encouraged with all clients
- Non-technical discussion to ensure comfort and understanding of results
- Focus placed on how funding decisions impact progress on strategic goals

Actuarial Valuation Process

GASB 67/68 Reporting

GASB Statements 67 and 68 are now in full effect, while GASB 74 & 75 will take full effect within the next year. Our firm is a member of the Technical Accounting and Review Committee (TARC) that works to develop best practices in handling new government accounting standards, such as GASB 67/68, before they are even released. Todd Schroeder has been a frequent conference speaker on the topic of GASB 67/68, including presentations at the Illinois Municipal Treasurer's Association (IMTA) and the Illinois Public Pension Fund Association (IPPFA).

L&A actuarial reports are fully compliant with GASB 67/68. The reports are easy to read and easy for your auditors to incorporate in their process of developing financial disclosures. As part of a highly reputable audit firm, our actuaries are comfortable working with your auditors on their timeline to ensure that the audit process is not prolonged on account of the actuarial process.

One of the key differences in the new reporting standards is the methodology used to determine the long-term solvency of your pension fund. The new process requires a calculation of a single blended discount rate that reflects the long-term expected rate of return on assets to the extent that the fiduciary net position is sufficient to pay benefits in the future, along with a more conservative municipal bond rate beyond any point at which the fiduciary net position is expected to be depleted.

Our process for determining the single blended discount rate consists of the following:

- Collect data: participants, assets, assumptions, funding policies
- Project estimated future benefits based on the current participant group
- Determine and project recommended and actual contributions into the plan
- Project all future cash inflows and outflows (i.e., benefit payments and expenses)
- Identify the "cross-over point", if any, at which assets project to become depleted
- Determine a single blended rate that produces the same liability as the combined rates

Although the new GASB accounting standards have no direct impact on the tax levy recommendation process, GASB disclosures can serve as a means of evaluating long-term pension health through the projection of future pension cash flows. We will discuss GASB results with the pension Board and Municipality to provide insights about the long-term health and sustainability of the fund, including the impact on long-term cash funding requirements. In addition, certain GASB disclosures can serve as a means of monitoring the validity of your actuarial assumptions.

Actuarial Valuation Process

Actuarial Assumptions

We guide all of our clients in the selection of reasonable actuarial assumptions. Key economic assumptions include the expected rate of return on assets and salary scale assumption. Key demographic assumptions include life expectancy (mortality), disability, retirement and termination rates.

Our approach to setting an expected rate of return on assets assumption is collaboration with the Board and its investment advisors, taking into account the fund's investment policy, asset allocation, and capital markets outlook for each asset class. We then look at all factors that can alter/modify those long-term expectations. For example, the impact of paying administration expenses from the fund, the impact of volatility over the long-term, cash needs to pay benefits, just to name a few. Our goal is not to be unrealistically optimistic nor conservative, but to drill down to what should be realistically expected on dollars contributed to each individual fund.

L&A is also unique in that we provide actuarial services to more Police and Firefighter Pension Funds in Illinois than any other provider. This enables us to conduct experience studies every 3 to 5 years on more Police and Firefighter lives than any other provider. Doing so provides us with more credible data on demographic experience within these funds, allowing us to develop actuarial assumptions unique and relevant to your active and retired member populations, such as the latest trends around when participants in these professions are retiring, how often are they expected to become disabled, and how long they are living as compared to the general population. We just completed a full experience study in 2016.

Our experience includes all sizes of Municipalities, Districts, and Police and Firefighter Pension Funds. We recognize that individual situations can create different experience when it comes to actuarial assumptions. That is why we advocate discussing individual circumstances with all of our clients.

Actuarial Cost Methods & Funding Policies

An Actuarial Cost Method is an approach to budgeting contributions made to a pension fund during an employee's working lifetime. There are several methods from which to choose. The State of Illinois has mandated the method to use for purposes of determining the Statutory Minimum Contribution for any given year. On the contrary, most public sector pension funds have commonly used a different method to better ensure long-term solvency.

ACTUARIAL VALUATION PROCESS

Actuarial Cost Methods & Funding Policies - Continued

After the Actuarial Cost Method is determined, a Funding Policy is used to determine the rate at which unfunded liability will be made up through future contributions. For example, 100% of the accrued liability will be funded over 20 years. We will walk through the advantages and disadvantages of various cost methods and funding policies to make sure your recommended contributions align with your goals and objectives. As important as it is to pin down the true emerging liability, through the selection of sound actuarial assumptions, we believe it is equally important to budget the annual costs appropriately through a financially sound funding policy.

Strategic Planning

We believe that the actuarial valuation process should not end with the presentation of an annual recommended contribution. Due to sustained market pressures impacting both the asset and liability sides of most pension funds, we believe it is prudent for Board members and Trustees to take a broader view for strategic planning purposes.

L&A offers a Discussion & Analysis process that helps Boards and Municipalities come together to agree upon a funding policy that enhances the overall health of the fund. Too often, the health of a pension fund is viewed at a valuation "snapshot" date. While snapshots are useful, the true health of a pension fund is best defined by its long-term sustainability.

A Formal Funding Policy is one tool to assist with improving the long-term sustainability of a pension fund, as it can provide a better mechanism to account for rapidly increasing benefit payments.

In addition to Formal Funding Policies, our actuarial team also offers the following discretionary consulting services to assist with long-term strategic planning:

- ***Transition Plans*** into new funding policies
- ***5-Year Projections*** of cash contributions
- ***Sensitivity Analysis*** to alternative assumptions and actual asset return scenarios
- ***Comparison Reports*** (financial benchmarking to a broad universe and peer group of plans)

Most of the strategic planning services described above are available for an additional fee as they are not part of the annual actuarial valuation process. Please let us know if you would like additional information regarding any of these services, including the Discussion & Analysis funding policy process.

Our Comparison Report can Benchmark Your Fund's Key Financial Metrics Against 250 Illinois Public Pension Funds.

Transition Plans can be Developed to Help Migrate to new Funding Policies in Fiscally Tight Situations.

FEES AND BILLING

Lauterbach & Amen, LLP

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Fees and Billing

Fees – 3 Year Service Agreement

Actuarial Financial Statement Reporting	Fiscal Year End December 31, 2017	Fiscal Year End December 31, 2018	Fiscal Year End December 31, 2019
• Preparation of Fire Pension Tax Levy Actuarial Valuation	$2,250*	$2,250	$2,250
• Preparation of Fire Pension GASB 67/68 Actuarial Valuation	$2,250	$2,250	$2,250
• Preparation of Police Pension Tax Levy Actuarial Valuation	$2,250	$2,250	$2,250
• Preparation of Police Pension GASB 67/68 Actuarial Valuation	$2,250	$2,250	$2,250
• Attendance at Meeting to Present Results	Included	Included	Included
Total Annual Actuarial Services	$9,000	$9,000	$9,000

The fees above are offered with a three-year agreement for fiscal years ending December 31, 2017 through December 31, 2019. Our annual fees include attendance at up to three (3) meetings per year to discuss actuarial results with each of your Pension Boards and with the Village. Any meetings required over and above the three (3) included meetings will be billed at the rate of $250 per meeting.

*The December 31, 2017 fee for preparation of the Tax Levy Actuarial Valuation for the Fire Pension Fund is already covered under the current signed engagement between the Fire Pension Fund and Lauterbach & Amen, LLP.

Out-of-Scope Projects

L&A can provide additional actuarial consulting services that are considered out-of-scope from the above flat fee projects. Out-of-scope projects are billed at a rate of $250/hour. Upon request, we will provide a flat fee quote in lieu of an hourly rate at the time additional services are requested, when the scope of the services can be reasonably defined and mutually agreed upon. Typical out-of-scope actuarial consulting projects that L&A performs include multi-year liability and cash-flow projections, alternative funding scenarios, sensitivity analysis and Comparison Reports.

FEES AND BILLING

Transition Process

Our actuarial team has extensive experience transitioning work from prior actuaries. We do not charge additional fees for this work. We view the transition as an opportunity to identify hidden risks and opportunities, and will elevate any significant findings with the Village and/or its Pension Boards.

Fee Control

We collect and reconcile data for roughly 275 Illinois Police and Firefighters' Pension Funds, creating high levels of efficiency in that process. In addition, Actuarial Services at L&A were established over a period of time, thus creating efficiencies to minimize the cost of valuation work. We only bill for services performed, while additional projects are billed at a reasonable rate of $250/hour. Additionally, our actuaries attend your meetings at no additional charge. We believe this improves the effectiveness of our services and advice, and helps to better control costs and risks over the long-term. Finally, we believe our guaranteed fixed fees for three years is an effective and valuable means to control costs in an inflationary environment.

Billing

Our actuarial service line typically emails invoices for our valuation services once per year following delivery of the valuation reports to your Pension Board or Trustees. Additional billings may occur for out-of-scope projects upon completion of the work.

REFERENCES

Lauterbach & Amen, LLP

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ACTUARIAL REFERENCES

Pension Fund References

Lincolnshire-Riverwoods Fire Protection District Firefighters' Pension Fund
115 Schelter Road
Lincolnshire, IL 60069
Contact: Duane Christensen, Trustee
Phone: (847) 634-2512
Email: dchristensen@lrfpd.org

Harvard Police Pension Fund
P.O. Box 310
Harvard, IL 60033
Contact: Dan Kazy-Garey
Phone: (815) 943-4431
Email: kazy-garey@cityofharvard.org

Berwyn Firefighters' Pension Fund
6700 W. 26th Street
Berwyn, IL 60402
Contact: Jerry Marzullo
Phone: (708) 415-7771
Email: jmarz77@hotmail.com

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