



Agenda Item Summary

File #: RES 17-622, **Version:** 1

Submitted By

Steven Drazner, CFO

Reviewed By

LKS

Agenda Item Title

A Resolution Approving a Professional Services Agreement for Police and Firefighters' Pension Plan Actuarial Services with Lauterbach & Amen, LLP for Fiscal Years Ending December 31, 2017, 2018, and 2019 in a Total Amount not to Exceed \$27,000 and Authorizing its Execution

Overview

The Village was under contract with the firm Serota and Associates to provide Police and Firefighters' Pension Plan actuarial valuation services for the fiscal years ending December 31, 2015 and 2016. Unlike the Illinois Municipal Retirement Fund which pools together resources from all Illinois municipalities (with some exceptions) and determines the annual Village contributions for eligible non-public safety employees, pursuant to State of IL statute, public safety pensions (i.e. police and fire) are independently managed rather than pooled together and thus, each plan requires an annual actuarial valuation to determine the recommended municipal contribution.

Regardless of whether a pension board retains its own independent actuary (as has been the case with the Village's fire pension), it is usually standard practice for a municipality to engage the services of an actuary to determine the annual recommended amount using agreed upon actuarial assumptions.

Staff Recommendation

Approve the Resolution.

Fiscal Impact

The combined (for both pension valuations) not-to-exceed fees for the 2017, 2018, and 2019 actuarial valuation services are as follow:

2017- \$9,000

2018- \$9,000

2019- \$9,000

This expense has been budgeted and will be paid from the finance external support account #1001.41300.101.530667

Background

A request for proposal was issued to obtain proposals on actuarial services for a three year term. The RFP was distributed directly to firms known to provide this service for municipal pensions as well as posted on the Village website and DemandStar.

A total of seven responses were received and evaluated based on fees, firm experience/qualifications, firm size, and references. Quoted fees and the firm's level of experience providing similar services to other municipalities carried the greatest weight during the evaluation process.

Each proposal was thoroughly reviewed and assigned a raw score in the following categories:

- 1) Fees
- 2) Ability to Perform Engagement
- 3) Experience and Relevant Knowledge
- 4) Requested Modifications to the Village's Standard Professional Services Agreement

The ability to perform and relevant experience were assigned 35% of the weighted score while the vendor quoted fee received 60%. The remaining 5% was assigned based on proposer requested modifications (or lack of) to the Village's professional services agreement.

Based on the weighted scores, Lauterbach & Amen, LLP (L&A) received the highest grade and is thus the staff recommendation for selection of a new actuary. Please note that L&A also performs the Village's Other Post Employment Benefit (OPEB) calculation and manages the bookkeeping for both the police and firefighters' pensions as contracted through each respective pension board. Therefore, certain efficiencies will also be realized by having the same firm perform both the bookkeeping and actuarial valuations.

Alternatives

Select an alternative firm to provide actuarial services.

Previous Board Action

N/A

Citizen Advisory Commission Action

N/A

Anticipated Future Actions/Commitments

N/A

Intergovernmental Cooperation Opportunities

N/A

Performance Management (MAP) Alignment

N/A