



Agenda Item Summary

File #: RES 20-187, **Version:** 1

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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, 2020, 2021, and 2022 in a Total Amount Not to Exceed \$30,000 and Authorizing its Execution

Overview

The Village has contracted with Lauterbach and Amen, LLP to provide Police and Firefighters' Pension Plan actuarial valuation services for the fiscal years ending December 31, 2017, 2018, and 2019. 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.

Village staff has been extremely satisfied with the services provided by L&A over the last three years and in addition to police/fire actuarial valuations, they have also been under contract to provide Other Post Employment Benefit (OPEB) valuation services as well. It is the recommendation of staff that the Village execute another three year agreement with Lauterbach and Amen to provide actuarial valuation services for both the police and firefighters' pension plans.

Please be aware that due to the Statewide consolidation of the downstate police and firefighter pension funds, it is unlikely that an independent valuation will be required for Fiscal Year 2022. Assuming this turns out to be the case, the Village will be permitted to terminate the contract with L&A early. However, should there be State legislation or transition rules modifying the effective consolidation date, FY22 is still being including under the term of this contract.

Staff Recommendation

Approve the Resolution.

Fiscal Impact

The combined (for both pension valuations) not-to-exceed fees for the 2020, 2021, and 2022 actuarial valuation services are as follow:

2020-	\$9,600
2021-	\$9,800
2022 (if needed)-	\$10,000
TOTAL	\$29,400

The attached recommended resolution for Board approval rounds this amount up to \$30,000 in order to cover any type of Board requested supplement report not covered under the quoted fee during the term of the agreement.

Please be aware that Lauterbach & Amen was not the lowest cost proposer for the police and fire actuarial services. Rather, the firm Nyhart quoted a three year fee of \$27,300 which is \$2,100 less than L&A. However, staff also requested actuarial proposals for Other Post Employment Benenfit services and Nyhart's fee over the three years for this service was \$6,450 more than L&A. Between these two services, L&A is the lowest cost provider.

Due to the high level of satisfication with L&A over the last several years, the fact that L&A also provides bookkeeping services for both the Police and Firefighters' pension funds, and staff recommendation to use the same firm for both pension and OPEB actuarial valuations, it is the recommendation that L&A be selected to provide these services to the Village over the next three fiscal years.

This expense will be budgeted and will be paid from the finance external support account
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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 public safety pensions in the Chicagoland area.

A total of four proposals were received by the following firms and evaluated:

- 1) Lauterbach & Amen
- 2) Nyhart
- 3) Foster & Foster
- 4) MVM Consulting Group

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 Knowelege
- 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 as well as past history, Lauterbach & Amen, LLP (L&A) is the recommended selection for another contract to provide police and fire actuarial valuation services. Please note that staff will also be renewing an agreement with L&A to provide services for preparing Other Post Employment Benefit (OPEB) valuations. However, the quoted three year fee for OPEB services is below the \$25,000 threshold and thus does not require Board approval via a Resolution.

Alternatives

Select an alternative firm to provide actuarial services.

Previous Board Action

RES 17-622 on October 2, 2017

Citizen Advisory Commission Action

N/A

Anticipated Future Actions/Commitments

N/A

Intergovernmental Cooperation Opportunities

N/A

Performance Management (MAP) Alignment

N/A