

**MEMORANDUM
FINANCE
DEPARTMENT**

TO: Mr. Thomas Thomas, City Manager
SUBJECT: Other Post Employment Benefits (OPEB)
RFP

Number: 001-14
Date: 04/08/2014

City staff recently completed an RFP for Other Post Employment Benefit (OPEB) Services. To comply with Generally Accepted Accounting Principles (GAAP) reporting requirements, the City must have an OPEB calculation completed every two years. This calculation is used in the City's annual CAFR to report the calculated cost of benefits for retirees'. During the off years, when a full calculation is not required, the city still needs the actuary to provide the disclosure requirements. Staff received responses from seven vendors:

Foster & Foster	Oakbrook Terrace, Illinois
Milliman	Omaha, Nebraska/Chicago, Illinois
Menard Consulting, Inc.	Addison, Illinois
MWM Consulting Group	Chicago, Illinois
Lauterbach & Amen, LLP	Warrenville, Illinois
Nyhart	Indianapolis, Indiana
Gabriel, Roeder, Smith, & Co	Chicago, Illinois

After completing interviews with four of the respondents, the selection committee is recommending Menard Consulting, Inc. for the following reasons.

The principal of this firm, Mr. John Ritchie, has 25 years experience. Before opening his own firm three years ago, he had experience with some of the top actuarial firms in the industry. Mr. Ritchie has worked with our current auditors and has significant experience with OPEB work for Illinois municipalities. During the interview, staff concluded his abilities to explain this rather complicated subject in an understandable manner was superior to all other vendors. The services included in this proposal are:

- Prepare Actuarial Valuation report (includes footnote disclosure information for audit)
- Initial Kick-Off discussion
- Discussion on Assumption Selection
- Discussion re. the Actuarial Report
- Discussion(s) with Auditors re. Actuarial Report
- Valuation Update and Consultation with Auditors in Off Valuation Years

Fee for Initial Valuation (2014): \$3,300

(includes roll-forward in off years)

Fee for Final Valuation (2016): \$3,000

Additional Service: First meeting \$75; subsequent meetings under contract \$100 each

Recommendation: Council approve the proposal and authorize the City Manager to execute the Contract Document to Menard Consulting, Inc. for a three year contract with two one year extensions as outlined in staffs memo.

Submitted by: Cynthia Parchert, Finance Director

Approved: Thomas Thomas, City Manager