

CITY COUNCIL AGENDA ITEM COVER MEMO

Agenda Item Number: _____

Meeting Type: Regular

Meeting Date: 2/12/2015

Action Requested By: Human Resources

Agenda Type: Resolution

Subject Matter:

Agreement between the City of Huntsville and Cavanaugh MacDonald Consulting, LLC., for actuarial analysis of the City's retiree health insurance plan.

Exact Wording for the Agenda:

Resolution authorizing the Mayor to enter into an agreement between the City of Huntsville and Cavanaugh MacDonald Consulting, LLC., for the purpose of providing actuarial analysis of the City's retiree health insurance plan.

Note: If amendment, Please state title and number of the original

Item to be considered for: _____

Unanimous Consent Required: No

Briefly state why the action is required; why it is recommended; what council action will provide, allow and accomplish and; any other information that might be helpful.

An actuarial audit of self-funded retiree health insurance plans is required every 2 years. The City of Huntsville's last retiree health plan audit was performed as of 9/30/2012. This valuation will cover the period ending 9/30/2014.

Associated Cost: _____

Budgeted Item: _____

MAYOR RECOMMENDS OR CONCURS: _____

Department Head: *[Signature]*

Date: 2/2/15

ROUTING SLIP CONTRACTS AND AGREEMENTS

Originating Department: Human Resources Council Meeting Date: 2/12/2015

Department Contact: Cindy Lehman Phone # 256-427-5244

Contract or Agreement: Agreement

Document Name: Agreement between the City of Huntsville and Cavanaugh MacDonald Consulting, LLC

City Obligation Amount:

Total Project Budget: 7,000

Uncommitted Account Balance:

Account Number: 51-6950-0511-2303

Procurement Agreements

<u>Select...</u>	<u>Select...</u>
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Grant-Funded Agreements

<u>Select...</u>	Grant Name: <input style="width: 90%;" type="text"/>
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Department	Signature	Date
1) Originating	<i>[Signature]</i>	2/2/15
2) Legal	<i>[Signature]</i>	2/3/15
3) Finance <i>CC</i>	<i>[Signature]</i>	2/4
4) Originating		
5) Copy Distribution		
a. Mayor's office (1 copies)		
b. Clerk-Treasurer (Original & 2 copies)		

RESOLUTION NO. 15-_____

WHEREAS the City Council of the City of Huntsville, Alabama, does hereby declare that the Mayor be, and he is hereby authorized to enter into an Agreement between the City of Huntsville and Cavanaugh MacDonald Consulting, LLC on behalf of the City of Huntsville, a municipal corporation in the State of Alabama, which said agreement is substantially in words and figures similar to the certain document attached hereto and identified as "Agreement Between the City of Huntsville and Cavanaugh MacDonald Consulting, LLC for Actuarial Services on the City's Post-Retirement Medical Plan" consisting of three (3) pages plus one (1) page consisting of related documents and the date of February 12, 2015 appearing on the margin of the first page, together with the signature of the President or President Pro Tem of the City Council, an executed copy of said document being permanently kept on file in the Office of the City Clerk-Treasurer of the City of Huntsville, Alabama.

ADOPTED this the 12th day of February, 2015.

President of the City Council of
the City of Huntsville, Alabama

APPROVED this the 12th day of February, 2015.

Mayor of the City of
Huntsville, Alabama

**AGREEMENT BETWEEN THE CITY
OF HUNTSVILLE AND CAVANAUGH
MACDONALD CONSULTING, LLC
FOR ACTUARIAL SERVICES ON THE
CITY'S POST-RETIREMENT
MEDICAL PLAN**

STATE OF ALABAMA)
)
COUNTY OF MADISON)

AGREEMENT

THIS AGREEMENT is made and entered into this the _____ day of February, 2015, by and between the City of Huntsville, Alabama, a municipal corporation in the State of Alabama (hereinafter referred to as "City") and Cavanaugh Macdonald Consulting, LLC, (hereinafter referred to as "Consultant").

WITNESSETH

WHEREAS, Consultant has an agreement with the Alabama State Employees' Insurance Board (SEIB) to provide actuarial services to the SEIB and all participating members of the Alabama Employees' Retirement System (ERS) and the Local Government Health Insurance Program, known as the Joint Actuarial Study Program; and

WHEREAS, information pertinent to the Joint Actuarial Study Program is described in the Memorandum Of Participation which is attached hereto and incorporated herein as Attachment "A"; and

WHEREAS, the City is an ERS participant and desires an actuarial valuation of its post-retirement medical plan.

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein, the parties do hereby agree as follows:

1. Consultant shall:
 - a. Perform an actuarial valuation of the City's post-retirement medical plan as of September 30, 2014.
 - b. Produce a report in accordance with the requirements and standards of the actuarial profession, disclosing actuarial methods, assumptions, procedures and data sources, and the information necessary for the City to comply with the reporting requirements of GASB 43/45, within the time period described in Attachment A.

President of the City Council of
the City of Huntsville, Alabama
Date: _____

2. City shall:

a. Provide Consultant the information described in the "Data Collection Sheet" of Attachment A.

b. Pay Consultant the sum of Six Thousand Five Hundred Dollars (\$6,500.00) plus Two Dollars and Seventy-five Cents (\$2.75) per participant for the services herein described in accordance with Attachment A upon submission of Consultant's final report and an invoice from Consultant.

3. In the performance of this work it is understood between the parties that Consultant and its employees, agents, subcontractors and consultants, if any, shall be acting as independent contractors and not as an employee of the City of Huntsville. Contractor shall have no authority to obligate the City to any indebtedness or other obligation.

4. City may terminate this Agreement at any time for any reason, with or without cause, upon written notice delivered to Consultant. In the event of such termination, City shall compensate Consultant a prorated portion of the fee herein described based on work performed by Consultant prior to the termination.

5. The point of contact for the City shall be Cindy Lehman, City of Huntsville, Alabama, and the point of contact for the Consultant shall be as described in Attachment A.

6. This Agreement shall be governed by the laws of the State of Alabama. Venue for all actions arising out of this Agreement shall be in the Circuit Court of Madison County, Alabama or the United States District Court for the Northern District of Alabama, Northeastern Division.

7. Nothing in this contract shall create, or be interpreted to create, privity or any other contractual agreement between the City and any person or entity other than Consultant.

8. This Agreement represents the entire agreement between the City and Consultant and supersedes all prior communications, negotiations, representations or agreements, either written or oral. This agreement may be amended only by written instrument signed by both City and Consultant.

IN WITNESS WHEREOF, the parties have entered their hands and seals and attest to the same with the signature of the Mayor being the official act of the said municipality in accordance with his duly constituted authority.

(signature page follows)

CITY OF HUNTSVILLE, ALABAMA,
A Municipal Corporation in
The State of Alabama

By: _____
Tommy Battle, Mayor

ATTEST:

Charles E. Hagood, Clerk-Treasurer

**CAVANAUGH MACDONALD
CONSULTING, LLC**

By: 
By: _____

Its: Alisa Bennett, FSA, EA, FCA, MAAA

ATTEST:

By: 
Its: Office Manager



**MEMORANDUM OF PARTICIPATION
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
SEPTEMBER 30, 2014 VALUATION**

LOCAL UNIT: The City of Huntsville
MAILING ADDRESS: 308 Fountain Circle, Huntsville, AL 35801
CITY: Huntsville **ZIP CODE:** 35801
NAME: Tommy Battle
TITLE: Mayor
PHONE #: (256) 427-5240 **E-MAIL:** _____

On behalf of the unit government noted above, we agree to participate in the Joint Actuarial Study Program offered through the Alabama State Employees' Insurance Board (SEIB). I understand that Cavanaugh Macdonald Consulting, LLC has been selected as the actuarial firm to perform the studies and may contact us to get additional information as needed.

I understand that we will be billed directly by Cavanaugh Macdonald Consulting, LLC and copies of the actuarial report will be mailed to our office by Cavanaugh Macdonald Consulting. I understand that the fee structure is as follows: The fees for a local unit will vary by population and participation in the Alabama Employees' Retirement System (ERS) and the Local Government Health Insurance Program (LGHIP).

FEE SCHEDULE - The fees for a local unit will vary by population and participation in ERS. The fees also depend on whether the local participates in the LGHIP.

	In ERS and LGHIP	All Others
Base Fee		
▪ Less than 20 active/retired participants	\$3,500	\$4,500
▪ 20-49 active/retired participants	\$4,500	\$5,500
▪ 50-99 active/retired participants	\$5,000	\$6,000
▪ 100 or more active/retired participants	\$5,500	\$6,500
Per Participant Fee		
▪ Less than 50 active/retired participants	\$5.00	\$5.00
▪ 50-99 active/retired participants	\$4.00	\$4.00
▪ 100-249 active/retired participants	\$3.25	\$3.25
▪ 250-499 active/retired participants	\$2.75	\$2.75
▪ 500 or more active/retired participants	\$2.50	\$2.50

Obligations for other benefits such as disability, long term care, etc., are required by GASB 43 and 45, but due to the complexity and variation of benefits provided from employer to employer, the evaluation of these benefits is not included in the scope or fees of this proposal. Fees and the required data to perform the analysis will be determined on a case-by-case basis.

Local units must return this Memorandum of Participation indicating your desire to participate along with all requested data. The OPEB valuations will be completed within 10 to 12 weeks of receipt of all requested information.

Finance Officer Signature

Mail form to
Cavanaugh Macdonald Consulting, LLC
3550 Busbee Parkway, Suite 250,
Kennesaw, Georgia 30144

Signed this _____ day of _____, 2015.