Aon

Proposal for Actuarial Services

FPEN-180084-DH

City of Gainesville

General Employees' Pension Plan and Retiree Health Insurance Trust Fund

June 25, 2018

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Empower Results®

June 25, 2018

Ms. Diana Holder
Senior Buyer, Procurement Division
City of Gainesville
200 East University Avenue, Room 339
Gainesville, Florida 32601

RE: RFP #FPEN 180084-DH

Dear Diana,

Thank you for allowing Aon the opportunity to participate in your search for professional services for all required GASB reporting, actuarial funding valuations, actuarial impact statements, and retiree calculation verifications related to the Plans sponsored by the City of Gainesville ("City"). Our response is intended to demonstrate our commitment to providing quality, fee-efficient, and timely services. More importantly, we hope it demonstrates our goal of becoming a strategic advisor, as well as your new actuary.

Why Aon?

- **Actuarial Team You Can Depend On**—We've staffed the engagement to ensure all work receives three levels of review. This ensures quality while allowing the lead consultants to focus on communicating the results to you and delivering strategic advice. Our staffing approach allows us to deliver timely, high quality, cost-effective services. We look forward to demonstrating our passion for serving clients and the value we place on year-over-year consistency in our relationships.

- **Seamless Transition With A Fresh Perspective**—We ensure a seamless transition process that will allow us to deliver strategic, high quality valuation services. Our actuaries will replicate the current results but will also provide fresh, honest analysis of your current plan design and funding policy.

- **Powerful National Resources When You Need Them**—Our proposed actuarial team is poised to deliver experienced, strategic consulting and high-quality valuation services supported by unsurpassed breadth, depth and continuity of actuarial services. No firm provides more comprehensive resources in the three elements of pension fund management: actuarial, administration and investments. When you need more than just the actuarial numbers, we will be ready to help you!

- **High Value**—Aon offers recommended services that are based on best practices and strategic consulting advice. The actuarial fees paid are a prudent investment in the better management of hundreds of millions of dollars in pension assets and liabilities. Our fees may not be the lowest, but they are competitive, and our services provide outstanding value to our clients.

Please let us know if we can assist in any way as you work through the selection process. We highly recommend a personal presentation of our proposal as a way to learn about the outstanding value we offer!

Sincerely,

Aon

Mark Meyer BY Leslie Daws

Mark D. Meyer, ~~JD~~, FSA
Partner

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AON

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Executive Summary

Our Understanding

We have reviewed the information provided as part of the Request for Proposal and provide a brief summary to confirm that our proposal meets your expectations and requirements.

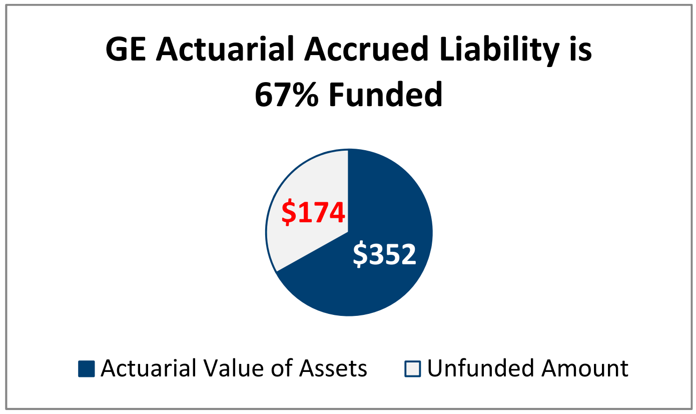
Retirement Plan Summary of Member Data October 1, 2016

GE Members

▪ Active Members	1,519
▪ Deferred Vested Members	428
▪ Retired Members	1,266
– Non-disabled	1,122
– Disabled	39
▪ Beneficiaries	105
▪ **Total Members**	**3,213**

GE Liabilities

▪ Actuarial Accrued Liability	$526M
▪ Actuarial Value of Assets	$352M
▪ Unfunded Amount	$174M
▪ Funded Percentage	67%



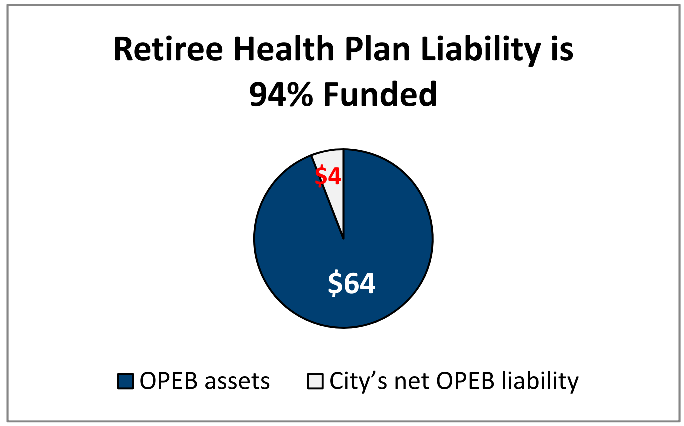
We note that the funded status was greatly improved by special contribution of $39M funded through the 2003 Pension Obligation Bond plus the estimated investment earnings of $78M on that special contribution. We also note with approval the downward movement in the Expected Return on Assets that is consistent with market expectations and public sector plan trends.

Retiree Health Plan Summary of Member Data October 1, 2015

▪ Active Members	1,867
▪ DROP Members	133
▪ Inactive Members not Receiving Benefits	1,052
– Retired Members	574
– Terminated Members	335
– Disabled Members	18
– Beneficiaries	125
▪ Members Receiving Benefits	746
– Retired Members	701
– Disabled Members	35
– Beneficiaries	10
▪ **Total Members**	**3,798**

Retiree Health Plan Liabilities under GASB 74 as of September 30, 2017

▪ OPEB liability	$68M
▪ OPEB assets	$64M
▪ City's net OPEB liability	$4M
▪ Funded percentage	94%



Scope of Services in Request for Proposal

The City is seeking a full service actuarial firm to provide all required GASB reporting, actuarial funding valuations, actuarial impact statements, and retiree benefit calculation verifications related to the Plans. In addition, the City requires actuarial consulting related to plan design, liability projections, funding forecasts and policy development. Services to be provided include experience studies as needed, and such financial and statistical information as may be required to prepare financial statements.

How Aon Can Help

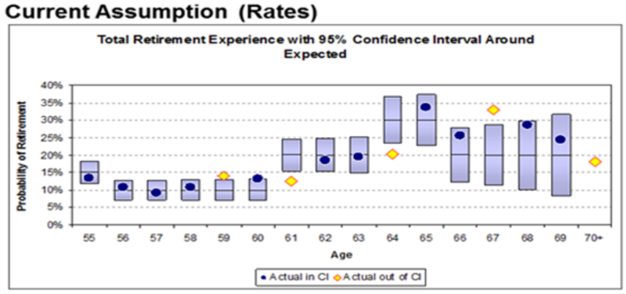
Like most public entities, the City is facing some challenges and needs a strategic partner to help advise it going forward. That's why we feel our consulting approach works best. Our goal is to become a strategic partner to the City and assist in developing solutions for retirement, investments and strategy. We take pride in our role and have successfully implemented for other clients like the City.

As your new pension actuarial consultant, we will bring a fresh consulting perspective with the freedom to provide our candid advice. Our goal is to help you address and manage future risk, including:

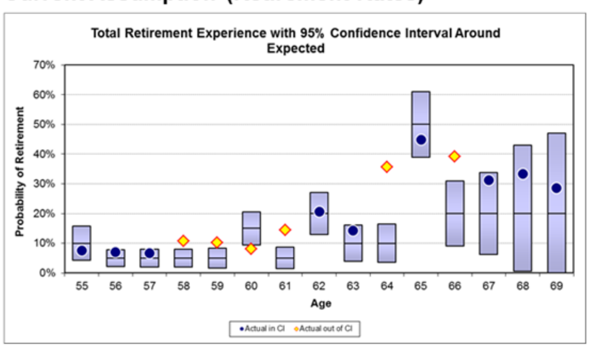
- **Discount Rate**—We use our expected rate of return tool ("e–tool") to assist clients in developing a supportable range for the investment return assumption by applying the global capital market asset assumptions developed quarterly by Aon Hewitt Investment Consulting (AHIC) to the asset allocation of a pension portfolio. The outputs from the e–tool model include the expected rates of return at various percentile rankings, the one–year expected volatility, and the expected effect of diversification and rebalancing.
- **Workforce—**We have tools to help model the City's workforce in addition to providing benchmarking information on benefits and total compensation. This information can be used to help attract and retain employees. Also, we can use our proprietary Workforce projection tool to project the City's workforce (for both General and Public Safety). The output from the workforce projection tool could aid the City in identifying gaps and assist in hiring and planning.
- **Actuarial Assumptions**—We conduct experience studies and assumption reviews for many clients and would start with a review of plan experience and assumptions. We'll use the proprietary tool shown below to analyze demographic assumptions. The benefit of our tool is that it's incorporated into our valuation software and provides a range of results and confidence intervals at each cell. Thus, we're able to select assumptions based on the City's desired risk tolerance. If the City does not express a preference, then we will use the 50th percentile. Following are some examples from prior experience studies:

- The bar above each age represents a 95% confidence interval (CI) around the expected number of decrements at that age
  - Note that the overall size of the CI depends on the size of the underlying group
  - The expected number of decrements at a given age is shown by the line near the middle of the respective bar
  - The actual number of decrements is shown by the blue circles (if inside the CI) or yellow diamond (if outside the CI)
  - Results falling outside of the 95% confidence interval may warrant some level of further review
- The bar chart on the lower right converts the headcount information in the top chart to corresponding rates of decrement
- This approach was used to analyze retirement rates and withdrawal rates

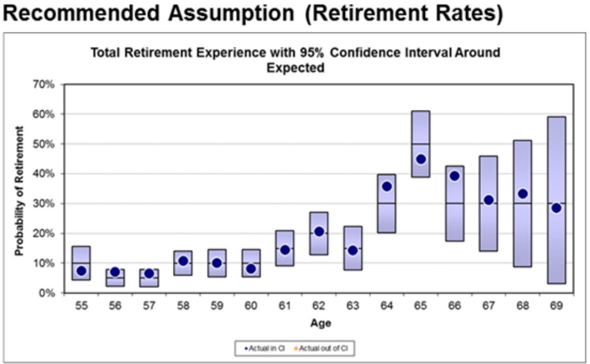
Current Assumption (Rates)



Current Assumption (Retirement Rates)



Recommended Assumption (Retirement Rates)



Evaluation of Data

- Rates last updated for the 2017 valuations
- At several ages, actual experience is falling outside the 95% confidence range
- In general, actual retirement rates higher than expected
- Average retirement age
  - Current assumption: 62.2 years
  - Actual experience: 60.3 years

Recommendation

- Increase expected retirement rates for ages 58-59, 61, 63-64, and 66-69
- Decrease expected retirement rates at ages 55 and 60
- New average retirement age is 61.7

- **Mortality**—We have proprietary analytical software that we've developed that provides a detailed review of mortality experience annually. The tool identifies trends and can be used to create a custom mortality table with sufficient data. Aon was retained to perform the analysis for the SOA study and has keen insights into the mortality market.

- **Our Approach to Understanding the True Economic Cost of Retirement Plans—**We think the City should be managing the pension plan through more than the snap-shot view provided by the annual actuarial valuation. We recommend viewing the long-term dispersion of results. We recommend a minimum of a five-year deterministic projection and we recommend periodic stochastic projections in addition to the actuarial valuation to better gauge the long-term sustainability and security of the plan. A stochastic projection can provide the City with a better long-term view of the pension and OPEB cost as well as its workforce to facilitate proper planning.

  A deterministic projection "pre-determines" the assumptions used to project assets and liabilities. Results of a deterministic projection are given in single numbers (rather than probabilities or ranges for a stochastic projection). A stochastic projection utilizes a probabilistic approach to forecasting by employing a variable return assumption based on expectations for the future in an effort to simulate real-world investment market behavior. A stochastic projection runs thousands of scenarios to develop a distribution of results, which in turn can be grouped according to the likelihood of obtaining a given result. For example, a stochastic projection would provide a result such as: "there is a 75% chance that the funded status in 5 years will be below 80%."

  The value in seeing the results with probabilities is that plan sponsors can discuss both the upside and downside of given outcomes. Stochastic modeling will provide insight to the following:

  - A view of the overall long-term financing of the Plan by obtaining estimates of the financial metrics for the next 20–25 years and an understanding of the range of variation around these metrics.
  - Measurement of actuarial funding risk using variability of funded status and contributions; not simply the variability of portfolio returns as is done with typical asset allocation studies.
  - A deeper understanding of pension issues, particularly the factors that drive cost and what can be done to manage them.

In Closing

We are excited at the opportunity to be included in the City's search for an actuarial services provider. Our proposal is to become not only an actuarial services provider but also a strategic advisor that provides solutions that meet the needs of the City and its constituencies.

If this approach is attractive to you, we encourage you to schedule a finalist presentation with us that provides enough time to review the proposal and have an open discussion about the best approach. We look forward to sharing more details about our actuarial services and capabilities with you in person. We are committed to partnering with the City to help manage your retirement programs to drive successful outcomes for your employees.

2. Technical Proposal

A. Scope

The City is seeking actuarial services for the City of Gainesville General Employees' Pension Plan and City of Gainesville Retiree Health Insurance Trust Fund. Services to be provided include all required GASB reporting, actuarial funding valuations, actuarial impact statements, experience studies as needed, retiree benefit calculation verifications, and such financial and statistical information as may be required to prepare financial statements under generally accepted accounting principles. The City also requires actuarial services associated with plan design modifications, plan liability projections, funding forecasts and funding policy development.

There are two plans included in the scope: the General Employees' Pension Plan and the Retiree Health Insurance Trust Fund. The City also requires actuarial services associated with plan design modifications, plan liability projections, funding forecasts and funding policy development.

Annual Services

1. GE Plan: GASB 67 & 68 - Starting FY2018
2. GE Plan: Actuarial Funding Valuations Including Impact Analysis of 2003 POB - Starting FY2018
3. GE Plan: Florida Statute 112.664 Disclosure - Starting FY2018
4. OPEB Plan: GASB 74 & 75 - Starting FY2018

Ongoing

1. GE Plan: Benefit Calculations – Immediately

Periodically

1. GE Plan: Experience Study – FY2019 or FY2020
2. OPEB Plan: Bi-Annual Actuarial Funding Valuations - Starting FY2019

Additional Services

1. Assist in analyzing and developing potential plan design and benefit structure changes
2. Provide liability and funding level forecasts related to plan modifications.
3. Assist the City in developing Plan funding forecasts and policies.
4. Provide pension buy back calculations.
5. Present actuarial valuation reports at meetings
6. Consult with City staff
7. Assist with maintaining Plan compliance with federal and state requirements
8. Respond to inquiries by the State of Florida and/or the federal government regarding any issues arising from the consultant's advice or opinions.

Valuation Process

In our response below, we describe our annual actuarial valuation process that Aon employs when we are the signing actuary for the entire valuation process, including the data collection and editing process. While many of these steps would be utilized in providing support to the City, there may be certain steps that would not be part of the process (i.e., assumption setting) when providing annual actuarial valuation services for the City. We have described our full annual actuarial valuation process in order to illustrate our robust approach. We would partner with you to determine the appropriate valuation steps to include when performing this type of work for the City.

There are key steps in our methodology and collaborative approach to the annual valuation process. Core elements include both plan provisions and actuarial assumptions. We carefully document the plan provisions and set the assumptions to ensure a high quality, accurate valuation. Our valuation reports include detailed summaries of the plan provisions reflected in the valuation and the assumptions used in developing results. We will have a discussion with the City about your expected process so we can best meet your needs.

The following describes our valuation process step-by-step:

Step 1: Valuation Planning Discussion

One of the most useful ways of understanding expectations and providing efficient, proactive service is to hold a planning meeting to discuss the valuation and other projects for the coming year. While the content of these meetings will vary, we typically cover the following topics:

- Cash flow and accounting objectives for the year;
- Possible assumption or methodology changes;
- Changes to be reflected in the current valuation (e.g., legislative changes, plan changes);
- Deadlines for the various activities;
- Special studies that may be appropriate for the year;
- Updates on regulatory or legislative activity and trends in design or benefits delivery; and
- Any information regarding organization policy changes so we can better serve as your trusted advisor and business partner throughout our relationship.

Step 2: Collection & Verification of Data

Our sophisticated data handling capabilities and actuarial database can accommodate any incoming data format. The data will be processed and checked for completeness and reasonableness, and compared to the prior year's data. All data collection and editing processes will be documented. Once the data is collected, we work through data questions and answers until the data is ready to be used for valuation purposes. Typically, the overwhelming majority of questions are addressed in one request.

Step 3: Review of Preliminary Valuation Results

We calculate all plan liabilities and prepare a summary of the basic valuation results once we have collected all personnel and financial data, resolved any questions, and reviewed and confirmed assumptions. We will discuss the preliminary valuation results before preparing the final report. This preliminary review gives us an opportunity to accomplish the following:

- Examine the results as soon as the calculations are performed;
- Confirm that our results are in line with expectations;

- Review plan experience relative to each significant assumption (i.e., gain/loss analysis);
- Provide immediate input to your investment strategy based on updated valuation results;
- React to any unusual developments or anomalies in the numbers;
- Collect input on alternative funding methodologies or policies; and
- Discuss additional calculations or adjustments for inclusion in the final report.

Finally, the preliminary results will give us the information needed to determine the final contributions for the prior plan year. Again, we will meet with you to discuss alternatives for satisfying minimum contribution requirements and meeting your funding policy objectives.

Step 4: Delivery of Final Valuation & Executive Summary Reports

Once the preliminary valuation results are accepted, we will complete and deliver the final valuation reports. We designed our actuarial reports to be readable and functional; they contain all information required to explain funding and accounting results. We can provide a single report with combined funding and accounting, or separate reports for the funding and accounting valuations. We can tailor the actual content of our reports to meet the specific needs of the City, such as individual business unit allocations. Our standard reports include the following sections:

Funding and Accounting Requirements: Presents the results of the valuation in more detail. In the detailed report, we provide information regarding the major factors (e.g., retirement experience, investment experience, etc.) causing any changes in the valuation results. The funding reports also include information required for the pension plan audits

Background Information:

- **Personnel Information**—Summary of the employee data used in the valuation.
- **Plan Provisions**—Summary of the plan provisions that are important in determining the liabilities.
- **Actuarial Assumptions—**Summary of the assumptions used in the current and prior year valuation.
- **Glossary of commonly used terms**

Step 5: Annual Budget Projections

An integral part of our services is providing annual budget projections with our best estimate of the coming year's cash and expense requirements.

Communication of Results

Our typical work plan includes a conference call to discuss the preliminary results prior to finalizing the valuation report. With input from this discussion, we finalize the formal annual actuarial valuation report and will present to the Staff and Board of the City.

With regard to our reporting process, we use a standardized yet customizable tool for preparing valuation reports. This tool ensures that each and every report contains all of the information appropriate for the plan and necessary to adhere to actuarial standards of practice and other applicable guidelines. At the same time, these reports can be customized to incorporate any additional information valuable to the City. Our actuarial reports are designed to convey this information in an organized, straightforward way.

At Aon, our actuarial group adheres to stringent processes to ensure our actuarial work product is of the highest quality. We go beyond merely crunching the numbers to provide value-added consulting on business implications, future direction, and strategic decisions.

Transition Plan and Timeline

Thanks to the strength of our consulting business and our position as a market leader, Aon transitions a significant number of new actuarial clients each year. We have experience transitioning clients from all of the major actuarial consulting firms and are experts in managing smooth transitions for our clients from their prior actuaries. We have found that the process of creating a smooth, efficient transition is manageable and repeatable.

We expect the transition of your valuation to take approximately **ten weeks** from when we receive all necessary information. We will work directly with the prior actuary to make this process as seamless as possible.

Leveraging our experience, Aon's Retirement and Investment practice has developed a toolkit that we will customize for the City. Unlike some competitors, Aon's ongoing retirement team also leads the transition. Our approach is more efficient in transferring knowledge than having a separate transition team.

The following high-level action steps are common to each transition:

- Transition planning meeting(s)
- Data collection
- Review of plan provisions and actuarial assumptions and methods
- Data review
- System coding and testing
- Initial liability match
- Discussion of match results with prior actuary (if needed)
- Final liability match review

After collecting the appropriate data, we reproduce your most recent actuarial valuation results to ensure that there will be no surprises in our first "real" valuation. If inconsistencies arise, we will contact the prior actuary to resolve any differences. Doing more than transferring facts and data, we will look for ways to reduce your plan management costs and improve the overall return on your investment in your retirement programs. At times, this results in a material benefit to our clients.

The following chart illustrates a typical transition timeline. Strong project management skills promote seamlessness throughout the transition, so that all parties are kept current on progress and expectations.

Task	Responsibility	Sample 10-Week Timeline									
		1	2	3	4	5	6	7	8	9	10
Valuation Funding											
Request information in advance of Funding meeting	Aon										
Meet to fill in details around assumptions, budgeting process, etc.	City/Aon										
Reconciliation of Prior Valuation Results											

Task	Responsibility	Sample 10-Week Timeline									
		1	2	3	4	5	6	7	8	9	10
Request prior year data and other necessary information	Aon										
Gather and send requested information	City/Prior Actuaries										
Process data and reconcile questions	Aon										
Review Fund documentation and summarize requirements	Aon										
Code ProVal and reproduce valuation results	Aon										
Review results and sign off	City/Aon										

Upon notification that we are hired, we will schedule a meeting between our actuarial team and key City stakeholders. We will review the data collection process and identify the deliverables City expects from us for the coming year. This meeting will be combined with the annual Funding meeting discussed above and will incorporate additional historical perspectives. We will discuss a variety of topics, including the following:

- Data collection
- Documentation
- Current Fund structures and their evolution
- Compliance issues
- Anticipated Fund changes
- Current actuarial assumptions and methods for the Funds
- Cash flow objectives and member expectations
- Cash flow forecasts
- Communication of actuarial results and valuation report contents

Proposed Timeline for Transition and 2018 Actuarial Valuation

Task	Timeline for Transition Year (2017 Valuation)	Timeline for Ongoing Years (2018 Valuation & Beyond)
Contract Award Date	August 15, 2018	N/A
Transition Planning and Kickoff	August 20, 2018	N/A
Send all transition related data request to prior actuary	August 20, 2018	N/A
Receive all transition data from prior actuary and begin conversion	September 5, 2018	N/A
All transition issues resolved with prior actuary	September 30, 2018	N/A
Conversion finalized	October 20, 2018	N/A

Conversion

Task	**Timeline for Transition Year (2017 Valuation)**	**Timeline for Ongoing Years (2018 Valuation & Beyond)**
Request all needed items for actuarial valuation	N/A	October 1, 2018
Receive data for valuation; begin data prep/manipulation	N/A	November 1, 2018
Send data questions and follow-up items to City, begin valuation	N/A	November 15, 2018
Data finalized	N/A	November 30, 2018
Preliminary valuation results delivered	N/A	December 15, 2018
Valuation results and report finalized	N/A	December 31, 2018
Year-End Disclosure and GASB reports for all plans	N/A	September 30, 2019

A sample public sector actuarial report is included in **Appendix B**.

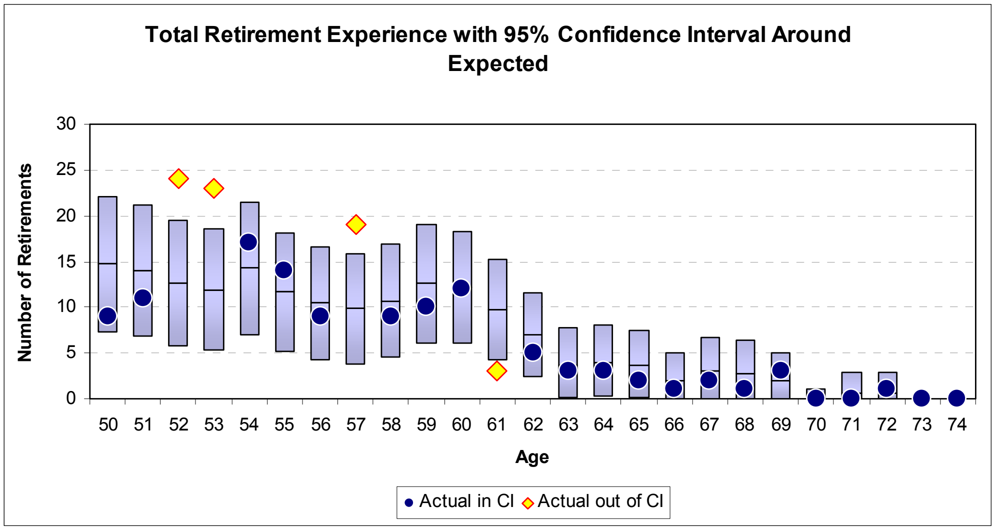
Experience Studies

We conduct experience studies for many of its public sector clients and developed the Demographic Assumption Analysis Tool (DAAT) to quantify in a more statistically sophisticated way the termination and retirement experience of pension plans. In addition to period experience studies, we have also prepared sensitivity analysis on significant actuarial assumptions to help plan sponsors understand and quantify the risk of the pension plan due to adverse experience. Other analysis includes cash flow projections, stress testing, scenario testing, and open group valuations including the impact of future new hires.

Experience studies are conducted by reviewing actual demographic experience for each decrement. This includes separate analyses of retirement, preretirement withdrawal (by age and service), disability, and death under the various applicable subcategories under the plan. Historical salary increases, optional form election rates, and asset returns versus custom benchmarks will also be reviewed. The data will also be reviewed with regard to the groupings used in the valuation and whether or not they properly reflect the different benefit structures and provide actuarially meaningful populations.

Once the plan experience has been reviewed, we will present our results to the City. In addition to disclosing the results of our analysis, we will comment on the appropriateness of each demographic and economic assumption, and if requested, provide the logic and rationale for any recommended changes to assumptions. In addition, we recommend evaluating financial impact associated with implementing the new assumptions individually and in the aggregate.

One of the advantages we have over our competitors on assumption reviews is how efficiently our valuation system allows us to review past experience and the impact of changing assumptions on financial results. Our statistical tool allows us to assess how well recent experience matches assumptions, and then present the results to clients in a format that's easy to interpret. The sample illustration below was developed using this statistical tool.



Expected Return "e" Tool

As part of the plan experience review, your Aon team will utilize our "e" Tool to develop a long-term expected return assumption based on the plan's current target asset allocation. The model identifies the expected long-term return for an investment portfolio given the portfolio's target asset allocation and Aon's asset modeling assumptions. The "e" Tool derives an expected rate of return for a portfolio based on input regarding the underlying inflation assumption and asset mix. The spreadsheet model reflects the positive effect of periodic portfolio rebalancing among diversified asset classes.

The capital market assumptions are developed by our investment consulting arm, Aon Hewitt Investment Consulting (AHIC). The methodology used to develop the assumptions is based on cumulative geometric returns. The nominal expected return that forms the basis for our expected return recommendation is calculated as the geometric average on a lognormal distribution.

GASB Reporting

Aon will proactively update you on the latest assumption standards and GASB issues—before they hit—and we will ensure that you understand how these issues affect your own financials and plans.

We are able to provide GASB 67 calculations and disclosures and GASB 68 calculations for employers in a separate report. Similarly, we provide GASB 74/75 information for OPEB plans.

Our standard reports include the following sections:

- **Summary**—Provides management with an overview of key items to highlight the current valuation results and presents comparisons with prior years' results.
- **Funding and employer/plan accounting requirements**—Presents the GASB 68 accounting results of the valuation in more detail. In the detailed reports, we provide information regarding the major factors causing any changes in the liabilities.
- **Background information**
- **Personnel information**—Summary of the member data used in the valuation.
- **Plan provisions**—Summary of the plan provisions important in determining the liabilities.

- **Actuarial assumptions**
- **Glossary of commonly used terms**

Generally, year-end accounting disclosure reports are prepared within five to seven business days after receiving all required information, such as year-end assets, fiscal year contributions and benefit payments, and final assumption decisions. However, our timelines can be shortened depending on the City's needs and when books need to close. Accelerated timelines require planning in advance, as well as availability of the necessary asset data.

Additional Services to be provided by the actuarial firm shall include, but not be limited to, the following:

1. ***Assist in analyzing and developing potential plan design and benefit structure changes, and provide liability and funding level forecasts related to plan modifications.***

   Your consulting team will determine the impact of plan design changes, benefit improvements and changes in actuarial methods or assumptions.

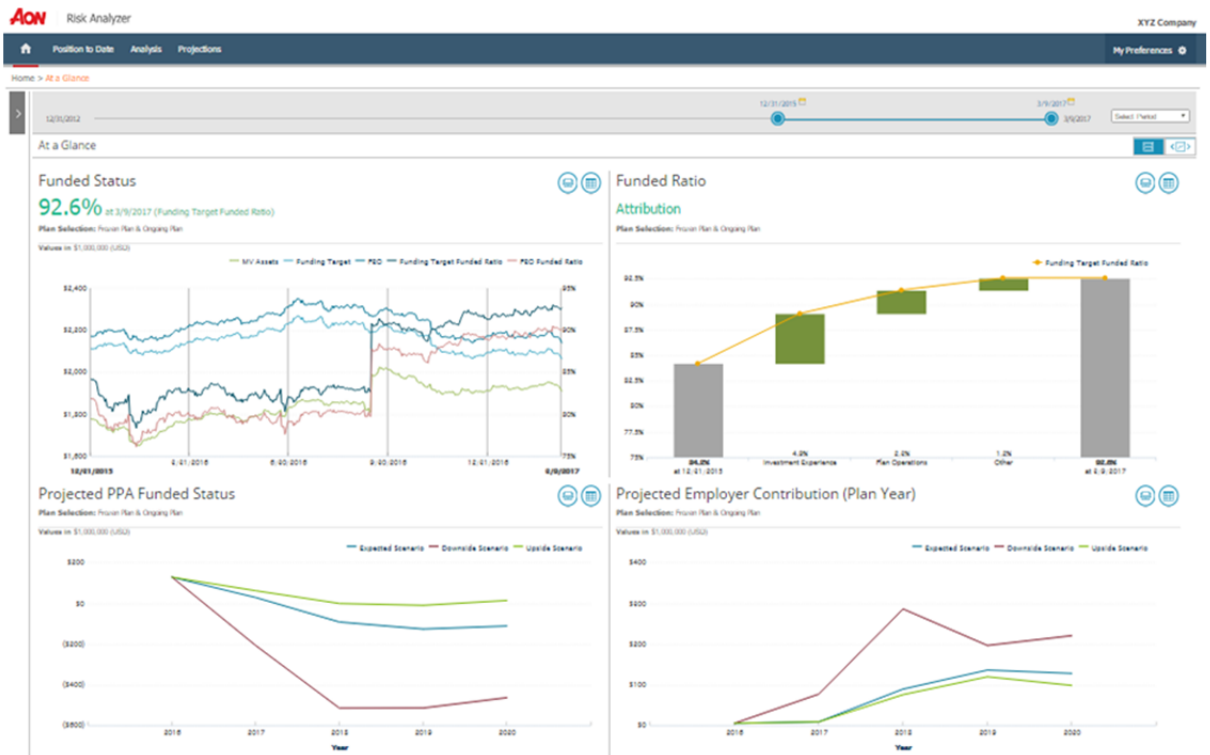
   Aon consultants use our valuation software and proprietary tools to model the cost impact (both short- and long-term) of various program design changes. Our market-leading Risk Analyzer tool dynamically models projected financial results and develop budgets for future years under various economic and funding scenarios to evaluate the potential impact of plan design changes. Plan design projects typically include projections to forecast funded status, contributions and cash flows for proposed plan designs and compare alternative plan designs for review and analysis.

   We conduct experience studies utilizing our proprietary Demographic Assumption Analysis Tool (DAAT) to quantify in a statistically sophisticated way termination and retirement experience. In addition to period experience studies, we have also prepared sensitivity analysis on actuarial assumptions to help plan sponsors understand and quantify the risk due to adverse experience. Other analysis includes cash flow projections, stress testing, scenario testing, and open group valuations including the impact of future new hires.

   One of the advantages we have over our competitors on assumption and actuarial methodology reviews is how efficiently our valuation system allows us to review past experience and the impact of changing assumptions on financial results. In addition, our statistical tool allows us to assess how well recent experience matches assumptions in a format that's easy to interpret.

2. ***Assist City in developing Plan funding forecasts and policies.***

   Aon brings its investment and actuarial expertise together to create a fully integrated real-time pension financial and risk management tool, Risk Analyzer. This tool strengthens plan sponsors' ability to manage funded status risk with integrated pension risk management functionality that provides daily tracking and analysis of the plan's assets, liabilities and funded status.

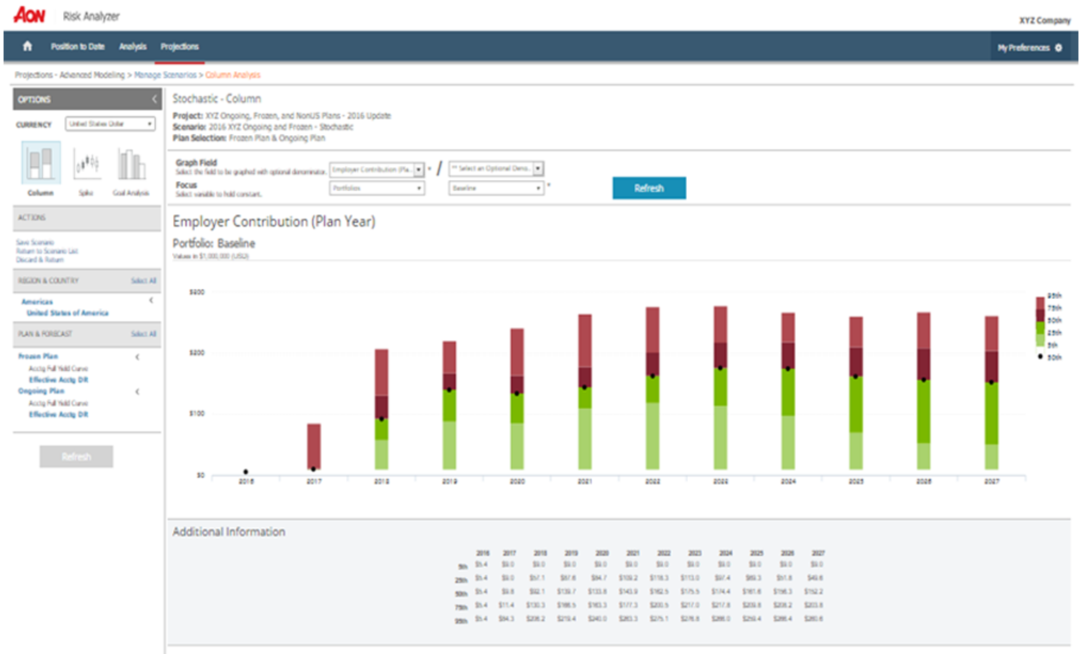


Risk Analyzer provides *daily* INSIGHTS into funded status along with robust analytics:

- **Daily tracking of assets and liabilities**—Risk Analyzer can pull daily asset information or can approximate assets based on data availability and level of service. The tool also tracks multiple liabilities on a daily basis.
- **Daily attribution analysis**—Daily analysis of the market movements and cashflow impact on assets and liabilities both provide a greater understanding of the underlying risk to the financial health of the plan.
- **Sensitivity analysis**—What is the plan's exposure to significant market events in interest rates and equity markets? Risk Analyzer quantifies the top risk attributes to the funded status of the plan.
- **Hedging analysis**—Provides a detailed analysis of the distribution of duration along the yield curve and evaluates the impact on assets and liabilities of changes in interest rates and credit spreads.
- **Glide path tracking**—With daily valuation of assets and liabilities, Risk Analyzer can peg the funded status of the plan on the glide path for the plans that have adopted a dynamic investment policy.

Risk Analyzer also provides robust FORECASTING capabilities of retirement plan metrics incorporating daily market movements:

- Flexibility to forecast contribution requirements, expense and funded status for any number of years under various scenarios.
- Deterministic projections and stochastic simulation capabilities.
- Integrate daily market performance into forecasting, allowing plan sponsors to budget and prepare in real time and reflect best available information.
- Customized as well as typical upside and downside scenarios, with the flexibility to create and save preferred scenarios in real time.



3. ***Provide pension buy back calculations.***

   Defined benefit plans demand skillful administration in order to provide retirees with the benefits they are guaranteed and to assure that the Plan meets its fiduciary duty to accurately calculate the benefits. Aon has traditionally supported the administration of defined benefit plans with benefit calculations and/or review by actuarial experts. We are happy to provide this service to the City, and we confirm that we have reviewed the sample calculation provided in the Addendum to the RFP.

   Beyond these traditional services, we are proud to offer our clients advanced benefit calculation and administration software and services. From "insourcing" our calculation software to "outsourcing" benefits administration, we have provided our clients the help they need when they need it. If we are selected as the new actuary, we will make sure the City is aware of best practices and alternatives for benefit calculation services.

4. ***Appear at required meetings for actuarial valuation report presentations.***

   We will attend meetings to present findings and recommendations as required. Gainesville City Hall is just 135 miles up I-75 from our Tampa office. In a little over two hours, we can be there whenever you need us. Of course, we are available anytime by conference call to discuss matters over the phone or to present information.

5. ***Provide consultations with City staff regarding matters within the consultant's area of expertise.***

   Aon's retirement consulting services help ensure retirement programs are secure, equitable, and sustainable. The global leader in every aspect of retirement plan management, Aon's Retirement and Investment practice offers a full suite of best-in-class services. Our nearly 1,400 Retirement and Investment experts possess deep knowledge in their area of expertise—backed by state-of-the-art tools—to design a best-in-class strategy for the effective and efficient management of your retirement plans.

We offer solutions to ensure your funding and accounting strategies are aligned with your business goals—both now and in the future. Our actuaries provide data, benchmarking, tools, and deep expertise to help you design the most appropriate retirement program. By analyzing your current plan and evaluating the financial and benefit implications of alternative designs, we ensure your retirement program is aligned with your culture and philosophy.

’***6. Assist with maintaining Plan compliance with federal and state requirements***

Aon’s Legal Consulting & Compliance group is a national practice that is comprised of 13 highly qualified tax and ERISA consultants, each of whom has acted as an employee benefits attorney for a major corporation or law firm and averages over 15 years of experience in handling sophisticated employee benefit matters. Several of our legal consultants have previously been employed with the Internal Revenue Service (IRS), and have acted as in–house ERISA counsel for major multinational employers. This internal, “hands-on” experience has proven quite helpful to our support of clients and in developing practical approaches to addressing some of the more complex issues that employers may encounter regarding their employee benefit plans.

7. Respond to inquiries by the State of Florida and/or the federal government regarding any issues arising from the consultant’s advice or opinions.

Aon will promptly respond to any inquiries by the State of Florida and/or the federal government regarding any issues arising from our advice or opinions. By offering a full-service team based in Tampa, we will stay on top of Florida issues and reporting requirements so that the City can rely on us to help keep them in compliance.

As the actuary to several other Florida clients, we are aware of the State of Florida reporting requirements that fall under sections 112.664(1) and 60T-1.0035 of the Florida code for all municipal pension plans in the state. We will fill out the schedule of information and upload to the state’s website each year within 60 days of the valuation report being finalized.

In addition, the State Actuary (within the Department of Management Services, Retirement Division) audits all of the municipal pension plans, and occasionally has questions to which we respond. We are comfortable and experienced in dealing with all of the State of Florida’s reporting and audit requirements.

B. Background

With roots that date back to the 1680s, Aon plc has grown from an insurance partnership into the leading global provider of risk management services, insurance and reinsurance brokerage, and human capital consulting. Recognizing specific client needs for advisory services in the human resource and benefits area, Aon plc began to offer human resources related consulting services in 1934. Aon Consulting, Inc. was incorporated in 1978 as a subsidiary of Aon Corporation.

Aon has been providing actuarial services since 1934 and has long been considered the industry standard for actuarial consulting services. Here are a few reasons why:

- Aon is one of the top actuarial firms providing services to 25% of the Fortune 100 with a 98% retention rate;
- According to the 2017 Pensions & Investments Consultant Survey, Aon Hewitt Investment Consulting, Inc. is the number two U.S. investment consultant based on worldwide assets under advisement of $3,478 billion;
- We operate one of the most experienced global pension risk management teams that works with large pension plans like yours to manage legacy asset and liability risk; and
- Aon's dedicated consultants have deep expertise in the pension programs of the future.

In short, we're not in this business to be a great alternative. We're in this business to lead it.

Retirement plan and actuarial consulting has been, and remains, our core business. It is not a peripheral business, separate company or subsidiary, or ancillary service. It is not an outgrowth of other financial services, money management, or trustee offerings. Retirement consulting is a major Aon business that we believe is enhanced by our expansion into other business areas.

Our Public Sector Approach and Experience

Aon works with our public sector clients as a trusted advisor and partners with them by reducing fees, but without compromising our services and service levels. We do this because it's the right thing to do. We also understand that public sector employers are facing greater budgetary pressures, stiffer competition for quality staff, and the ongoing need to provide valued services to taxpayers.

Aon is uniquely positioned to partner with the City because we have significant experience working with public sector groups and for the following additional reasons:

- **Highly experienced account team**—The proposed Aon team is familiar with issues facing employee populations working for public employers. We understand that public sector employers want to know that their consultant has experience with helping other public sector employers solve similar problems. Your account team will combine that experience with creativity to solve common and uncommon problems with the City.
- **Extensive experience working with committees made up of labor, staff, management, and elected officials**—Our client list reflects substantial involvement with public sector clients. Our relationships are successful due to our proven expertise working collaboratively and reaching consensus among various stakeholders.

- **Breadth and depth of local and national resources**—We have more than 100 consultants and administrators working with public sector clients. These practitioners come from a variety of disciplines, including actuarial, legal, underwriting, accounting, clinical, data analytics, customer service, information technology, and management. Also, several of our Aon staff has worked in other parts of the public sector arena, including city, law, insurance, health care, and IT. This diversity of background allows us to bring innovative cost-management solutions from both the public and private sectors. Finally, our deep bench strength allows us to keep abreast of legislative and regulatory issues that present unique challenges for our clients.
- **Thought leadership**—You will get industry-leading thoughts and perspectives, customized to your needs. We continually keep clients apprised of what is happening in Washington with our written briefs. We hold forums for clients to learn, share information and exchange ideas in our webcasts. We give public sector clients the opportunity to tell us about their healthcare plans and talent programs in our annual surveys, which are shared among public sector respondents. We also share our innovation with public sector clients through our game-changing points of view on the future of health care and retirement. Finally, in the spirit of collaborative learning, we will bring emerging best practices to the City from the collective experiences of our private sector and over 450 public sector clients.

Aon United Vision

Aon empowers organizations and individuals to secure a better future through innovative human capital solutions.

Our Core Lines of Business

Retirement & Investment

Retirement Consulting
Strategy & Benchmarking
Plan Design
Actuarial Services
Pension De-Risking
Governance
Legal Consulting

Investment Consulting & Solutions
Fiduciary Consulting
Individual Investor Solutions
Institutional Investor Solutions
- Retirement Plans
- Not-for-Profit
- Public Sector

Bundled Retirement Solutions
Integrated Pension Administration

Health & Benefits

Consulting & Brokerage
Small Market
Mid Market
Large Market

Global Benefits
Global Broking
Expat Consulting
Compliance

Exchange Solutions
Active Exchange
Retiree Health Solutions
Individual Exchange

Talent, Rewards & Performance

Talent
Assessment and Selection
Culture and Engagement
Leadership Development
HR Effectiveness

Rewards
Executive Compensation
Broad Based Compensation
Sales Compensation

Performance
Sales Force Effectiveness
Performance Benchmarking
People Analytics

Strategic Advisory

M&A • Total Rewards Strategy • Human Capital Strategy • Communication

Our Service Delivery Model

Aon's approach is to staff the engagement with a deep team to provide the level of services the City needs. We accomplish this by having a client relationship manager and lead actuary with primary responsibilities for communicating results to the client. Though technically qualified and credentialed, this allows them to take a step back from the numbers and focus more on the key items to highlight to the City. The project manager, also a credentialed actuary, is responsible for managing the workflow and third level of review. The project manager, client relationship manager and lead actuary work together regularly and have bi-weekly calls to discuss status updates of various projects. Thus, all parties are kept in the loop on all aspects of the engagement. They're all highly accessible and available after hours as needed.

As the City's business partner, we will invest time in understanding your organization, stakeholders, and preferred communication styles. We recognize that every organization is unique and that our reports and financial deliverables must be communicated based on your needs and preferences in order to be effective. The majority of our communications will include an executive summary or cover email which provides the key highlights, while detailed exhibits or reports provide the required supporting documentation.

We also recommend in-person meetings to facilitate communication and anticipate that key deliverables, such as annual valuation results, will be delivered in-person to ensure the key issues are discussed and that the City's decisions can be made with sufficient information and discussion.

Our service delivery model emphasizes client feedback through an annual client survey. **In our 2017 U.S. Client Promise Survey, results showed our U.S. Retirement & Investment clients' satisfaction with Retirement & Investment services is 9 on a 10-point scale.** Additionally, survey results indicated that clients view us as trusted advisors that are focused on their needs and priorities, giving us a rating of 9.2 on a 10-point scale. Similarly, clients believe that Aon offers industry-leading experience and trustworthy people, rating us a 9.3.

We believe these exceptionally high ratings confirm Aon's commitment to serving clients with quality, value, and results.

The Aon Client Promise®

The Aon Client Promise describes the way we work together with our clients, what they can expect from us, and the value we will deliver.

It is our promise to ensure our clients receive value and personalized service based on their individual business needs.

At Aon, our aim is to create a distinctive and consistent client experience for every one of our clients, and we will gather feedback and measure the City's satisfaction on a regular basis to make sure we are performing as expected.

With the Aon Client Promise, we hope to articulate what it is that makes working with Aon different.

What Client Promise Means to the City of Gainesville

We asked many of our clients what attributes define the best type of relationship. With their help, we have put together the Aon Client Promise. The Aon Client Promise consists of the following five pillars:

Partnership

Trusted advisors focused on your needs and priorities

Expertise

Industry-leading experience and people you can trust

Innovation

Comprehensive and tailored solutions that anticipate your needs

Excellence

Distinctive service every day

Results

Superior client value delivered

3. Price Proposal

Provide separate pricing for preparation of all required GASB Reporting and Annual Actuarial Valuation Reports for the General Employees' Pension Plan.

Provide separate pricing for preparation of all required GASB Reporting and Biannual Actuarial Valuation Reports Plan and the Retiree Health Insurance Trust Fund.

Provide separate pricing Florida statute 112.664 Disclosure for the General Employees' Pension Plan.

Provide separate pricing for benefit calculation and prior service purchases.

Provide separate pricing for Experience Studies.

Provide hourly rates for other miscellaneous activities such as verifying retiree benefit calculations, calculating pension buy back costs, etc.

General Employees' Pension Annual/Ongoing Services	Current Price	Aon Price
1. Valuation Report	$28,500	$21,510
2. GASB 67 & 68 Reports	$12,500	$7,740
3. Fl. Stat. 112.664 Disclosures	$5,500	$4,410
4. Benefit Calculation Review	$250 per review	$250 per review
Total excluding benefit reviews	**$46,500**	**$33,660**

Retiree Health Fund Biannual Services	Current Price	Aon Price
Full Valuation Report Funding/GASB 74/75	$25,500	$18,510
Roll-forward OPEB GASB Reports	$5,500	$6,470
Total over two-year cycle	**$31,000**	**$24,980**

GE Plan Experience Study	Current Price	Aon Price
FY2019 or FY2020	NA	$15,000–$18,000

Fees for Additional Services are determined by first establishing the scope of the assignment. Whenever reasonable, these general consulting services are billed on a time-and-materials basis. In other cases, where the project is a significant commitment of time, we will prepare a preliminary budget for the City's approval. We offer discounted billing rates for the City as follows:

Actuarial Consultants	2018 Billing Rates
Partner	$550
Senior Retirement Consultant	$390
Retirement Consultant	$375
Retirement Analyst	$295
Retirement Specialist	$225
Administrative Support	$225

Staff members will be used as needed to provide additional support. We offer a significant discount off of the standard rates. Our practice is to use a qualified person with the lowest billing rate to do a quality job at the best value to our clients. We use our National Valuation Team resources to serve our clients with actuarial and benefit calculation expertise through centers of technical excellence around the country.

4. Minimum Requirements

The response to the minimum qualification requirements contained below is a list of the minimum qualification requirements prescribed for the RFP. Proposers must provide documentation which demonstrates their ability to satisfy all of the minimum qualification requirements. Proposers who do not meet the minimum qualification requirements or who fail to provide supporting documentation will not be considered for award. If a prescribed format, or required documentation for the response to minimum qualification requirements is stated below, proposers must use said format and supply said documentation.

A copy of your Business tax receipt and Zoning Compliance Permit should be submitted with the proposal if a local preference is requested.

We are not requesting a local preference as part of this opportunity.

B. Qualifications/Statement of Qualifications

Include a description of the experience, qualifications including any minimum qualifications, financial stability, recent references of the proposer's performance on contracts of similar scope and size required. A specific format may be required of the proposers. Experience may be included as the number of years, level of technical knowledge, educational degrees and certifications required. Financial stability may be determined by requesting the proposers most recent financial statement, certified audit, balance sheet, or evidence of bonding capacity. Include the following:

Actuarial staff experience and certifications.

Our competitive advantage is our talent—from our most experienced, expert resources, to our deep bench staffed by the best and brightest consultants and analysts. Of the 750+ professionals in our actuarial consulting group, 35% are Fellows of the Society of Actuaries, another 18% are Associates of the Society of Actuaries, and 47% are Enrolled Actuaries. We strive to hire the best and brightest to join the company as actuaries. We offer an attractive career path and target the top national schools that have well-respected actuarial, mathematics, and statistics programs.

Globally, we employ more than 1,000 credentialed actuaries, including nearly 465 in the U.S. Our core actuarial staff averages about 14 years of service.

We have assembled a team of highly qualified professionals to ensure that the City will receive a responsive, client-centric approach and significant value. Our goal is to deliver a best-in-front team of industry experts with the experience to exceed your expectations. Your dedicated core team for this project is listed below, along with their biographies and a description of their roles.

Mark Meyer, who would lead the overall retirement relationship, is one of Aon's National Public Sector Actuarial Practice Leaders. Mark has worked with public pension funds for more than 30 years. He currently serves on the Education Committee of the Florida Public Pension Trustees Association (FPPTA). He has spoken at the national conventions of both the National Conference on Public Employee Retirement Systems (NCPERS) and the Government Finance Officers Association (GFOA). He is on a mission to serve public sector retirement funds by helping them develop sustainable Pension Funding Policies that keep the pension promise.

Deep Mandal, CFA, FSA, EA and **Erin Sabo, FSA, EA** will serve as **Lead Actuaries** for Pension and OPEB, respectively. Deep will lead our pension services. Erin will lead our OPEB services. They will coordinate services, manage communication with the City, and be responsible for utilizing Aon resources for your benefit. In addition to pension and OPEB valuation experience, Deep and Erin have significant experience with plan design, benchmarking and retirement adequacy studies for retirement programs and determining cost factors for pension programs. Stephen Lambert-Oswald is based in Tampa and will be the claims analysis actuary for the Retiree Health Insurance Trust Fund.

Following are brief biographies of your actuarial team:

Mark D. Meyer, JD, FSA, MAAA, EA

Partner; National Public Sector Actuarial Practice Leader

Mark is a Partner and co-leader of Aon's Public Sector actuarial practice. His primary responsibility is building the national practice into a premier provider of actuarial service in the Public Sector. He also serves as a client relationship manager and strategic consultant to public sector organizations.

Mark has more than 30 years of consulting experience in pension and employee benefits in both the public and private sector. Mark has dedicated himself to improving the sustainability of public sector pensions by helping organizations develop a meaningful pension funding strategy. Some public sector clients during his career are Minneapolis Fire Relief Association, City of Fargo (General, Police and Fire), City of Minnetonka, Minnesota State Retirement System, North Dakota Public Employees Retirement Systems, Minneapolis Police Relief Association, Minneapolis Teachers Retirement Fund Association, Capital Metro in Austin, Texas, Hillsborough (Florida county) Area Regional Transit (HART), Indiana University, and Purdue University.

Mark has spoken at numerous events, including a recent presentation of Public Sector Pension Funding Policy at the national Government Finance Officers Association (GFOA). He has also spoken at Florida Public Pension Trustees Association (FPPTA), Pennsylvania Association of Public Employee Retirement Systems (PAPERS), Texas Association of Public Employee Retirement Systems (TEXPERS) National Conference of Public Employee Retirement Systems (NCPERS), and the Minneapolis Certified Employee Benefit Specialists chapter.

Mark strives to be a valued actuarial advisor who is strategic and persuasive. He is committed to explaining complex actuarial concepts in language that policymakers can use to draw their own conclusions. He combines his legal and actuarial skills to solve problems in unique and innovative ways.

Mark graduated from the University of Nebraska in Lincoln with a degree in mathematics and actuarial science. He also graduated from the University of Minnesota Law School in Minneapolis. He is a Fellow of the Society of Actuaries (FSA), a Member of the American Academy of Actuaries (MAAA), and an Enrolled Actuary (EA). He is also a member of the Minnesota State Bar Association and a Certified Employee Benefit Specialist (CEBS).

Eric J. Atwater, FSA, EA

Partner; National Public Sector Actuarial Practice Leader

In his role as the Co-Practice Leader for our National Public Sector Actuarial Practice, Eric is responsible for implementation and adherence to quality assurance procedures as well as any other items that may impact public sector pension and OPEB plans. He also serves as lead consulting actuary and relationship manager to public entities. He specializes in the management of assets and liabilities for public pension and Other Post Employment Benefit (OPEB) plans. He has over eighteen years of consulting experience in pension and employee benefits in both the public and private sector. Prior to joining Aon, Eric spent nine years as Consulting Actuary focused exclusively on public and quasi-public entities' retirement and post-retirement benefit programs.

Eric is generally recognized as an expert in pension reform and consulting to public plans with distressed funding situations. He has lead benefit (Health, Pension and/or OPEB) reform for public entities including: City of Memphis (TN), City of New Orleans (LA), DeKalb County (GA) and Town of Hamden (CT). He is also a regular speaker at industry conferences and has been quoted in pension-related articles in the Wall Street Journal, Washington Post, and several local newspapers.

Eric graduated with honors from Georgia State University, where he received a BBA with a concentration in Actuarial Science. He is a Fellow of the Society of Actuaries, a Fellow of the Conference of Consulting Actuaries, a Member of the American Academy of Actuaries, and an Enrolled Actuary. He serves on the Board of Directors for the International Association of Black Actuaries and is also in the process of completing the requirements for the CFA.

Deep Mandal, FSA, EA, CFA

Senior Consultant; Lead Pension Actuary

Deep is a Senior Consultant in our actuarial practice in The Woodlands, Texas with over 20 years of actuarial experience. Prior to joining Aon in early 2006, he was an actuarial consultant with several other global and national benefits consulting firms in the Washington DC area, including Milliman, Segal Company and Towers Watson.

Deep’s current and prior experiences include serving as enrolled actuary and lead consultant for clients in both the public and private sectors, as well as managing and certifying annual actuarial valuations and consulting on cost projections and funding strategy for pension and other postretirement benefit plans. He serves several clients in utilities and energy in the Houston and San Antonio markets. He has many years of experience with determination of annual funding requirements and calculation of annual GASB 68 Pension Cost as well as GASB 75 OPEB Cost for public plans. Deep was also involved with special projects in the Pension Risk space. He spent part of his time with our national Investment Policy Services group, performing asset liability studies, supporting the development of investment policy statements, and preparing quarterly performance reporting for assets and liabilities. Deep also serves as co-chair of Aon’s public sector knowledge management committee.

In his actuarial career, Deep has served a diverse group of large and medium sized clients in the public sector, including states, cities and municipalities, school districts, universities etc. Deep is a Fellow of the Society of Actuaries, an Enrolled Actuary, and a Chartered Financial Analyst. He received an MS in Electrical Engineering from the University of Michigan, Ann Arbor.

Erin Sabo, FSA, EA

Senior Consultant; Lead OPEB Actuary

Erin is a retirement consultant out of Aon’s Retirement practice in Lincolnshire, IL. She advises clients on all aspects of design, accounting, and financing of employee retirement programs, specializing in postretirement medical plans. She is also a member of our national resource team for retiree medical benefits and provides guidance to the firm as part of Aon’s GASB 75 team. Erin has spoken on the transition to GASB 75 at a 2016 NACUBO conference. Erin also spends some of her time developing competitive comparisons of employee benefit programs with Aon’s Benefit Index® studies.

Erin joined the firm in 2000 after receiving her Bachelor of Science in actuarial mathematics from the University of Michigan. She is an Enrolled Actuary and a Fellow of the Society of Actuaries.

Stephen Lambert-Oswald, FSA, EA, MAAA

Senior Consultant; OPEB Claims Analysis Actuary

Stephen is an actuary and Senior Consultant in Aon's Retirement group based in the Tampa office. His primary responsibility is reviewing and presenting funding and accounting results for retirement plans and postretirement medical (OPEB) plans. He has special expertise in setting the per capita retiree health care costs, quantifying aggregate claims costs; quantifying exposure to risk and applying normative databases and premium factors as part of the OPEB actuarial valuation process. Stephen has 15 years of experience in the defined benefit area, including extensive experience in the Computation of reporting and disclosure information for GASB Statements (GASB 25, 27, 43, 45, 67, 68, 74 and 75).

Some of Stephen's clients include: City of Santa Barbara, CA, Los Angeles Unified School District, City of Panama City Beach, FL, and City of Montgomery, AL.

Stephen is an Enrolled Actuary, a Fellow in the Society of Actuaries, and a member of the American Academy of Actuaries. He holds a Bachelor of Business Administration in finance from Emory University and a master's degree in actuarial science from Georgia State University.

Client list and references, including experience with Florida local law public pensions.

Following is a representative list of state and local public sector clients for pension actuarial, OPEB actuarial, administration, or investment consulting (**Florida clients are in bold**):

- Anne Arundel County Schools, MD
- Anne Arundel County, MD
- Apple Valley Unified School District, CA
- Arlington County, VA
- Athens-Clark County Unified Govt, GA
- Atlanta Public Schools, GA
- Baltimore Public Schools
- Boulder County, CO
- **Citrus County, FL**
- City of Alexandria, VA
- City of Anaheim, CA
- City of Atlanta, GA
- City of Baltimore, MD
- City of Bellevue, WA
- City of Berkley, CA
- **City of Boca Raton, FL**
- City of Bridgeport, CT
- City of Cedar Rapids, IA
- City of Chicago, IL
- City of Cincinnati, OH
- City of Columbus, OH
- City of Dallas, TX
- City of Easthampton, MA
- City of Ft. Worth, TX
- City of Green Bay, WI
- City of Greensboro, NC
- City of Hartford, CT
- City of High Point, NC
- City of Hobbs, NM
- City of Houston, TX
- City of Ketchikan, AK
- City of Las Vegas, NV
- City of Lawton, OK
- City of Little Rock, AK
- City of Los Angeles, CA
- City of Nashua, NH
- City of New Orleans, LA
- City of Newark, NJ
- City of North Charleston, SC
- **City of Panama City Beach, FL**
- City of Philadelphia, PA
- City of Pittsburgh, PA
- City of Raleigh, NC
- City of San Francisco, CA
- City of Santa Monica, CA
- City of Scottsdale, AZ
- City of Seattle, WA
- City of Shreveport, LA
- City of Spartanburg, SC
- **City of Tampa, FL**
- City of Winston-Salem, NC
- Clark County School District, Las Vegas, NV
- **Clay County School District, FL**
- Commonwealth of Pennsylvania
- District of Columbia
- **Escambia County Schools, FL**
- Essex County, NJ
- Frederick County Public Schools, MD
- Gwinnett County, GA
- **Hillsborough Area Transit, Florida**
- **Hillsborough County Public Schools, FL**
- **Hillsborough County Tax Collector, FL**
- Housing Authority of Baltimore City
- Jefferson County, CO
- Kent State
- **Lee County, FL**
- Los Ángeles Co. Metro Trans. Auth., CA
- Los Angeles Dept. Of Water and Power, CA
- Los Angeles World Airports, CA
- Loudoun County School Board, VA
- **Manatee County Schools, FL**
- **Miami-Dade County Schools, FL**
- Montgomery College, MD
- Montgomery County, MD
- Muscatine Community School District, IA
- NC Teachers' & State Emp. Comp
- New Castle County, DE
- New Jersey Dept of Health

- New York Department of Health
- Ohio Association of Health Plans
- **Orange County, FL**
- PA Public School Emp. Retirement System
- **Pinellas County School District, FL**
- Prince George's Community College, MD
- Prince George's County Public Schools, MD
- Prince George's County, MD
- Prince William County, VA
- San Francisco Unified School District, CA
- **Sarasota County Public Schools, FL**
- **Sarasota County Schools, FL**
- Shelby County, TN
- State of Alabama
- State of California
- **State of Florida**
- State of Georgia
- State of Hawaii
- State of Kansas
- State of Kentucky
- State of Louisiana
- State of Missouri
- State of Montana
- State of Nebraska
- State of Nevada
- State of New Jersey
- State of North Carolina
- State of Ohio
- State of Oklahoma
- State of Oregon
- State of Tennessee
- State of Wyoming
- Sussex County, DE
- Triton Regional School District, MA
- University of California
- University of Illinois—Urbana-Champaign
- University of Louisville
- University of Michigan
- **Volusia County Schools, FL**

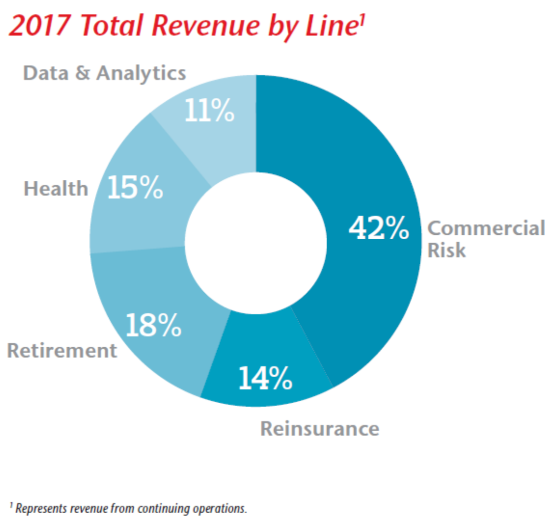
We believe the most insightful information on our capabilities and experience comes directly from our clients. Please let us know when you plan to contact references or if you would like additional references. We would like to ensure we find a time that is mutually available for you.

University of Michigan	
Contact Name:	Chad Greenwell
Title:	Division Controller for Financial Reporting
Email Address:	cdwell@umich.edu
Mailing Address:	3003 S. State Street 6050 Wolverine Tower Ann Arbor, MI 48109
Telephone Number:	+1.734.647.3808

Capital Metro Transportation Authority	
Contact Name:	Kevin Conlan
Title:	Budget Director
Email Address:	Kevin.Conlan@capmetro.org
Mailing Address:	2910 East 5th Street Austin, TX 78702
Telephone Number:	+1.512.369.6588

Recent financial statements if available.

In our fiscal year 2017 (January 1, 2017 through December 31, 2017), Aon reported total revenues of $10.0 billion. Aon operates under a single P/L with five revenue streams. These include: Commercial Risk Solutions, Reinsurance Solutions, Retirement Solutions, Health Solutions, and Data & Analytic Services. We provide the 2017 revenue breakdown by line below. Please note, we do not publicly disclose revenues for individual services within our lines of business.



Out of respect for our environment, Aon does not provide printed 10-Ks, annual reports, or financials in our proposal responses. Following is a link to Aon's Annual Report on Form 10-K for the year ended December 31, 2017, as well as preceding years starting from 2005. The website contains revenue information by business segment: http://ir.aon.com.

DRUG-FREE WORKPLACE FORM

The undersigned vendor in accordance with Florida Statute 287.087 hereby certifies that

Aon Consulting, Inc. does:
(Name of Business)

1. Publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace and specifying the actions that will be taken against employees for violations of such prohibition.

2. Inform employees about the dangers of drug abuse in the workplace, the business's policy of maintaining a drug-free workplace, any available drug counseling, rehabilitation, and employee assistance programs, and the penalties that may be imposed upon employees for the drug abuse violations.

3. Give each employee engaged in providing the commodities or contractual services that are under bid a copy of the statement specified in subsection (1).

4. In the statement specified in subsection (1), notify the employees that, as a condition of working on the commodities or contractual services that are under bid, the employee will abide by the terms of the statement and will notify the employer of any conviction of, or plea of guilty or nolo contendere to, any violation of Chapter 893 or of any controlled substance law of the United States or any state, for a violation occurring in the workplace no later than five (5) days after such conviction.

5. Impose a sanction on, or require the satisfactory participation in a drug abuse assistance or rehabilitation program if such is available in the employee's community, by any employee who is so convicted.

6. Make a good faith effort to continue to maintain a drug-free workplace through implementation of this section.

As the person authorized to sign the statement, I certify that this firm complies fully with the above requirements.

Bidder's Signature

June 19, 2018
Date

PROPOSAL RESPONSE FORM – SIGNATURE PAGE

(submit this form with your proposal)

TO: City of Gainesville, Florida
200 East University Avenue
Gainesville, Florida 32601

PROJECT: Actuarial Services for the City of Gainesville General Employees' Pension Plan and the City of Gainesville Retiree Health Insurance Trust Fund

RFP #: FPEN-180084-DH

RFP DUE DATE: June 25, 2018

Proposer's Legal Name: Aon Consulting, Inc.

Proposer's Alias/DBA: N/A

Proposer's Address: 200 E. Randolph Street, Chicago, IL 60601

PROPOSER'S REPRESENTATIVE (to be contacted for additional information on this proposal)

Name: Mark Meyer Telephone Number 1.813.636.3533

Date: June 19, 2018 Fax Number 1.813.636.3010

Email address mark.meyer.2@aon.com

ADDENDA

The Proposer hereby acknowledges receipt of Addenda No.'s 1 , _____, _____, to these Specifications.

TAXES

The Proposer agrees that any applicable Federal, State and Local sales and use taxes, which are to be paid by City of Gainesville, are included in the stated bid prices. Since often the City of Gainesville is exempt from taxes for equipment, materials and services, it is the responsibility of the Contractor to determine whether sales taxes are applicable. The Contractor is liable for any applicable taxes which are not included in the stated bid prices.

LOCAL PREFERENCE (check one)

Local Preference requested: ☐ YES ☒ NO

A copy of your Business tax receipt and Zoning Compliance Permit should be submitted with your bid if a local preference is requested.

QUALIFIED LOCAL SMALL AND/OR DISABLED VETERAN BUSINESS STATUS (check one)

Is your business qualified as a Local Small Business in accordance with the City of Gainesville Small Business Procurement Program? (Refer to Definitions) ☐ YES ☒ NO

Is your business qualified as a Local Service-Disabled Veteran Business in accordance with the City of Gainesville Small and Service-Disabled Veteran Business Procurement Program? (Refer to Definitions) ☐ YES ☒ No

SERVICE-DISABLED VETERANS' BUSINESS (check one)

Is your business certified as a service-disabled veterans' business? ☐ YES ☒ NO

LIVING WAGE COMPLIANCE

See Living Wage Decision Tree (Exhibit C hereto)

Check One:

☒ Living Wage Ordinance does not apply (check all that apply)

- ☒ Not a covered service
- ☒ Contract does not exceed $100,000
- ☐ Not a for-profit individual, business entity, corporation, partnership, limited liability company, joint venture, or similar business, who or which employees 50 or more persons, but not including employees of any subsidiaries, affiliates or parent businesses.
- ☐ Located within the City of Gainesville enterprise zone.

☐ Living Wage Ordinance applies and the completed Certification of Compliance with Living Wage is included with this bid.

NOTE: If Contractor has stated Living Wage Ordinance does not apply and it is later determined Living Wage Ordinance does apply, Contractor will be required to comply with the provision of the City of Gainesville's living wage requirements, as applicable, without any adjustment to the bid price.

SIGNATURE ACKNOWLEDGES THAT: (check one)

☐ Proposal is in full compliance with the Specifications.

☒ Proposal is in full compliance with specifications except as specifically stated and attached hereto.

Signature also acknowledges that Proposer has read the current City of Gainesville Debarment/Suspension/Termination Procedures and agrees that the provisions thereof shall apply to this RFP.

~~ATTEST~~: WITNESS:

Nancy Jean Kras
Signature
By: NANCY JEAN KRAS

Title: Notary

OFFICIAL SEAL
NANCY JEAN KRAS
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 3-22-2020

(CORPORATE SEAL)
PROPOSER:

Signature
By: Thomas Failor

Title: 6/19/18 Vice President-Legal

Appendix

Appendix A. Exceptions/Sample Master Consulting Agreement

Appendix A. Exceptions/Sample Master Consulting Agreement

If awarded the engagement, Aon will work in good faith to reach a mutually agreeable contract. Aon has reviewed the general terms and conditions in the RFP and except as set forth below, Aon is in agreement with all terms. We've also included a copy of our standard consulting agreement for your review on the following page.

The Contractor shall agree to indemnify and save harmless the City, its officers, agents, and employees, from and against any and all liability, claims, demands, fines, fees, expenses, penalties, suits, proceedings, actions and costs of action, including reasonable attorney's fees for trial and on appeal, of any kind and nature arising or growing out of or in any way connected with Contractor's breach ~~the performance~~ of the contract ~~whether by act or omission~~ or negligence of the Contractor, its agents, servants, or employees ~~or others, or because of or due to the mere existence of the Contract between the parties~~.

Master Consulting Agreement

This Master Consulting Agreement, including the General Terms and Conditions and any Schedules attached hereto or incorporated by reference, (collectively, the "Agreement"), effective the ____ day of _______, 20__ ("Effective Date"), sets forth the terms and conditions related to the provision of consulting services to **[Client]** and its affiliates (collectively, "Client") by **Aon Consulting, Inc.** ("Aon")**.**

This Agreement will cover all services provided by Aon to Client ("Services"), excluding any administrative services covered by a separate agreement signed between the parties. In addition, affiliates of Aon may provide Services to Client by executing a Schedule (as defined below) to this Agreement. The General Terms and Conditions of this Agreement may be amended only by a writing signed by the parties. Terms related to specific Services and the fees associated therewith may be added by Schedules or other communication between the parties. Each email, engagement letter, attachment to this Agreement or other writing mutually agreed upon between the parties that contains a description of Services constitutes a "Schedule" to this Agreement. Each Schedule shall be deemed to incorporate all of the terms of this Agreement, except as expressly set forth therein. Each Schedule will be a separate agreement between Aon (or an affiliate of Aon) and Client (or an affiliate of Client). Only the entities that sign a Schedule shall be liable for their respective obligations under that Schedule.

Any notices which may be required under this Agreement shall be considered as having been given if faxed with follow-up original mailed by U.S. First Class mail, addressed as follows:

If to Client:	If to Aon:
____________________________	Aon
____________________________	4 Overlook Point
____________________________	Lincolnshire, IL 60069-4302
Attn.: ________________________	Attn.: Chief Counsel
Facsimile: ___________________	Facsimile: 847-554-1462

IN WITNESS WHEREOF, authorized representatives of the parties have executed this Master Consulting Agreement:

[Client]	**[Aon Consulting, Inc.]**
By: ___________________________________	By: ___________________________________
Name: ________________________________	Name: ________________________________
Title: _________________________________	Title: ______________________
Date: _________________________________	Date: _________________________________

General Terms and Conditions

1. **Fees and Expenses**
   a) Fees for Services shall be charged in accordance with the appropriate Schedules or with another mutually agreeable writing detailing the Services or, if no Schedule or other writing applies, fees will be determined on a time and materials basis in accordance with Aon's standard billing rates and the value of our services based on our time, complexity, and the level of skill and urgency required.
   b) Fees and expenses are due and payable within thirty (30) days of the invoice date. Aon will invoice Client via email, and all payments will be made via electronic payment. Client will promptly notify Aon of any questions regarding invoices so that Aon can expect timely payment. Interest at nine percent (9%) per year will accrue after the invoice due date until payment is received. If Client requests that Aon pay outside suppliers on Client's behalf, a ten percent (10%) administrative service charge will be added to the amount paid by Aon.
   c) Client shall pay all reasonable travel and related living expenses incurred by Aon's personnel in performing Services for Client. Miscellaneous costs not directly allocable to each client (including research, knowledge management, information networks, and databases), are added to all service fees at Aon's then standard rate (currently 7%).
   d) Client shall pay any and all taxes, however designated, that are based on this Agreement or on the charges set forth in any Schedule, except for taxes based on the net income of Aon or employment taxes for Aon personnel.

2. **Additional Services and/or Change in Services**
   Client may, at any time, request additions and/or changes to the Services. Such additions and/or changes, including any fees or fee adjustments related to such additions and/or changes, shall be confirmed between the parties and may be documented with a Schedule, an amended Schedule, or other mutually agreeable writing.

3. **Term and Termination**
   a) This Agreement shall commence on the Effective Date set forth above and shall continue until terminated by either party as provided in Section 3.b) or Section 3.c). For purposes of this Agreement, "Year" means the twelve (12) month period commencing on the Effective Date set forth above and each anniversary thereafter. Services under a particular Schedule shall commence as of the date indicated on the Schedule and shall continue for the period stated in such Schedule or until terminated by either party as provided in Section 3.b) or Section 3.c).
   b) Either party may terminate this Agreement, or any Schedule or Service (or any part thereof), for convenience at any time upon sixty (60) days prior written notice to the other party.
   c) Either party may terminate this Agreement, or any Schedule or Service (or any part thereof), for cause upon thirty (30) days prior written notice to the other party, provided that such other party shall have the opportunity to cure any breach within such thirty (30) days.
   d) Upon the effective date of termination, Client will pay Aon for all fees and expenses due hereunder in connection with the terminated Services through the effective date of termination including any unpaid Service implementation fees or expenses and any mutually agreed upon transition assistance extending beyond such termination.
   e) Completion or termination of any Schedule or Service under this Agreement shall not constitute termination of this Agreement, it being the intent of both parties to leave this Agreement in effect until terminated as specified herein. Each Schedule shall terminate upon the earlier of its termination date or the termination date of this Agreement, provided however, if the term of a Schedule extends beyond the termination date of this Agreement, the applicable terms of this Agreement shall extend automatically for such Schedule until such Schedule's termination or expiration date.

4. **Delays**
   Neither party will be in breach of this Agreement or any Schedule as a result of, nor will either party be liable to the other party for, liabilities, damages, or other losses arising out of delays in performance caused by acts of God, government authority, strike or labor disputes, fires or other loss of facilities, breaches of contract by suppliers or others, telephone system, or Internet service provider or other utility outages, equipment malfunctions, computer downtime, and similar occurrences outside the control of the party as long as such party is diligently attempting to correct the cause of the delay. During any such delay in performance, the delayed party will implement reasonable work-around plans, computer system disaster recovery, alternate sources, or other commercially reasonable means to facilitate the performance of its obligations under this Agreement until the delay has ended or failure has been corrected.

5. **Ownership and Control of Data and Work Product**
   a) Aon has created, acquired or otherwise has rights in, and may, in connection with the performance of Services hereunder, employ, provide, modify, create, acquire or otherwise obtain rights in, various concepts, ideas, methods, methodologies,

procedures, processes, know-how, and techniques (including, without limitation, function, process, system and data models); templates; software systems, user interfaces and screen designs; general purpose consulting and software tools; websites; benefit administration systems; and data, documentation, and proprietary information and processes ("Aon Information").

b) All right, title and interest in and to any data, information and other materials furnished to Aon by Client hereunder ("Client Information") are and shall remain Client's sole and exclusive property. Client grants to Aon a license to use such Client Information to provide the Services. Except as provided below, upon full and final payment to Aon hereunder, any Aon work product which the parties expressly agree is created solely and exclusively to be owned by Client (the "Deliverables"), if any, shall become the property of Client. To the extent that any Aon Information is contained in any of the Deliverables, subject to the terms of this Agreement, Aon hereby grants to Client a paid-up, royalty-free, nonexclusive license to use such Aon Information solely for Client's internal use in connection with the Deliverables.

c) To the extent that Aon utilizes any of its property, including, without limitation, the Aon Information, in connection with the performance of Services, such property shall remain the property of Aon and, except for the limited license expressly granted in the preceding paragraph, the Client shall acquire no right or interest in such property. Client will honor Aon copyrights, patents, and trademarks relating to Services, Deliverables and Aon Information, and will not use Aon's name or other intellectual property without Aon's prior written consent.

d) Provided that Client promptly notifies Aon of a claim that the Aon Information infringes a presently issued U.S. patent or copyright, Aon will defend such claim at its expense and will indemnify Client for any costs and damages that may be awarded against Client in connection with such claim. Aon will not indemnify Client, however, if the claim of infringement results from (i) use of other than the most recent version of the Aon Information made available to Client by Aon; (ii) Client's alteration of the Aon Information; (iii) use of any Aon Information in combination with other software not provided by Aon; or (iv) improper use of Aon Information.

e) Nothing contained in this Agreement will prohibit Aon from using any of its general knowledge or knowledge acquired under this Agreement (excluding Client's Confidential Information) to perform similar services for others.

6. **Confidentiality**

a) For the purposes of this Agreement, "Confidential Information" includes: (i) the terms of this Agreement (including any Schedules); (ii) Client Information; (iii) Aon Information; (iv) oral and written information designated by a party as confidential prior to the other party obtaining access thereto; and (v) oral and written information which should reasonably be deemed confidential by the recipient whether or not such information is designated as confidential. Each party's respective Confidential Information will remain its sole and exclusive property.

b) Each party will use reasonable efforts to cause its employees to minimize distribution and duplication and prevent unauthorized disclosure of the Confidential Information of the other party. Each party agrees that only employees who have a need to know the Confidential Information of the other party will receive such Confidential Information. No party will disclose the other party's Confidential Information to a third party without the prior written consent of the other party, which consent may be conditioned upon the execution of a confidentiality agreement reasonably acceptable to the owner of the Confidential Information, except that Aon may use Client's Confidential Information in combination with other data, including the disclosure of such information to third parties, provided that no such Client Confidential Information is identifiable by Client or Client employee and that either party may disclose the other party's Confidential Information to its legal counsel and auditors. Aon may also disclose Client's Confidential Information to any subcontractor or, as instructed by Client, to any other third party providing services to Client under this Agreement as reasonably necessary for such subcontractor or third party to perform its services, provided that any such subcontractor is subject to a confidentiality agreement. Aon may retain a copy of all Client Confidential Information for archival purposes.

c) Confidential Information does not include information if and to the extent such information: (i) is or becomes generally available or known to the public through no fault of the receiving party; (ii) was already known by or available to the receiving party prior to the disclosure by the disclosing party; (iii) is subsequently disclosed to the receiving party by a third party who is not under any obligation of confidentiality to the party who disclosed the information; or (iv) has already been or is hereafter independently acquired or developed by the receiving party without violating any confidentiality agreement with or other obligation to the party who disclosed the information.

d) The receiving party may disclose Confidential Information of the disclosing party if required to as part of a judicial process, government investigation, legal proceeding, or other similar process, provided that the receiving party has given prior written notice of such requirement to the disclosing party. Reasonable efforts will be made to provide this notice in sufficient time to allow the disclosing party to seek an appropriate confidentiality agreement, protective order, or modification of any disclosure, and the receiving party will reasonably cooperate in such efforts.

7. **Representations and Responsibilities**

a) Aon represents that it: (i) shall, at all times during the term of this Agreement, remain in material compliance with all laws and regulations applicable to it as a service provider, including any required licenses, permits, or registrations, necessary for Aon to be able to perform the Services; (ii) shall, to the extent Aon's performance of the Services does not comply in any material respect with the terms of this Agreement and is not due to Client's failure to perform, re-perform any defective or non-conforming Services; and (iii) has no outstanding commitment or agreement to which it is a party or legal impediment of any kind known to it which is likely to limit, restrict, or impair the rights granted to Client hereunder. If a potential conflict should arise, Aon will discuss the situation with Client.
b) Client will submit to Aon all Client Information in Client's control necessary for Aon to perform the Services covered by this Agreement. The Services are not of a legal nature, and Aon will in no event give, or be required to give, any legal opinion or provide legal representation to Client. Client will maintain in compliance with applicable law any and all benefit plan legal documents related to the Services. Client is responsible for the accuracy and completeness of any and all Client Information that is submitted to Aon. Client agrees to notify Aon as soon as possible of any problems or errors in Client Information submitted. Services performed by Aon in correcting such problems or errors are additional services for which additional fees will be payable.

8. **Indemnification**
a) Subject to Section 9, Aon shall indemnify and hold Client harmless from and against any and all damages, losses, liabilities, and expenses (including reasonable attorneys' fees and expenses) (collectively, a "Loss" or "Losses") arising from Aon's failure to comply with the applicable terms and conditions of this Agreement (regardless of whether such Loss is based on breach of contract, tort, strict liability, breach of warranty, failure of essential purpose or otherwise).
b) Subject to Aon's indemnity obligations in Section 5.d) and 8.a), Client shall indemnify, defend, and hold Aon harmless from and against any and all Losses arising from (i) claims made by third parties, including, without limitation, Client's employees, affiliates, and plans with respect to the Services provided hereunder, or (ii) Client's failure to comply with the applicable terms and conditions of this Agreement, including without limitation, any infringement of Aon Information by Client in violation of Section 5 or any breach by Client of the confidentiality provisions of Section 6.
c) Any claim under this Section 8 must be asserted before the date that is three (3) years following the act or omission giving rise to the claim

9. **Liability**
a) If Client suffers Losses (regardless of whether such Loss is based on breach of contract, tort, strict liability, breach of warranties, failure of essential purpose or otherwise) as a result of Aon's breach of its obligations hereunder with respect to services performed pursuant to a Schedule, Aon will be liable to Client for Losses incurred by Client during each sequential 12-month period in which the applicable Schedule is in effect, commencing as of the first day of the provision of services thereunder ("Schedule Year") up to an amount equal to the total fees paid or to be paid for such Schedule Year under the applicable Schedule.
b) The limitations on Aon's liability contained in Section 9(a) will not apply to Losses arising from: (i) Aon's willful, fraudulent or criminal misconduct; (ii) Aon's breach of the confidentiality provisions of this Agreement; (iii) bodily injury, including death, or damage to tangible personal or real property incurred while Aon is performing the Services and to the extent caused by the negligent or willful acts or omissions of Aon's personnel or agents in performing the Services; or (iv) the infringement of the proprietary rights of a third party by use of the Aon Information contemplated hereunder.
c) In no event will either party be liable to the other party for incidental, consequential, special, or punitive damages (including loss of profits, data, business or goodwill, or government fines, penalties, taxes, or filing fees), regardless of whether such liability is based on breach of contract, tort, strict liability, breach of warranty, failure of essential purpose or otherwise, and even if advised of the likelihood of such damages.
d) Notwithstanding the foregoing, as applicable to the Client and the Services, Aon will not be liable to Client for any amounts for which Client or any of its employee benefits plans would have been responsible to pay irrespective of any act, error or omission by Aon, including interest adjustments. The parties agree that each party's obligation to indemnify the other pursuant to this Section 9 is subject to each party's agreement to use reasonable efforts to mitigate its own, as well as the other party's, liability, damages, and other losses suffered in connection with and arising out of this Agreement.
e) **Remedies.** To the extent permitted by law, all Claims and Losses between the Parties relating to, directly or indirectly, or arising from this Agreement (including the Services), however caused, regardless of the form of action and on any theory of liability, including contract, strict liability, negligence or other tort, shall be brought under this Agreement and shall be subject to the terms of this Agreement.

10. **Dispute Resolution**

a) Except as provided in Section 13.h), the following procedures shall be used in the event of any dispute or controversy arising out of or relating to this Agreement. All negotiations between the parties conducted pursuant to the dispute resolution process described herein (and any of the parties' submissions in contemplation hereof) shall be kept confidential by the parties and shall be treated by the parties and their respective representatives as compromise and settlement negotiations for purposes of the applicable court rules of evidence.
b) The parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement promptly by negotiation between executives who have authority to settle the controversy and who are at a higher level of management than the persons with direct responsibility for administration of this Agreement. Either party may give the other party written notice of any dispute not resolved in the ordinary course of business. Within fifteen (15) days after delivery of the notice, the party receiving the notice shall submit to the other a written response.
c) Within thirty (30) days after delivery of the notice, the designated executives shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to attempt to resolve the dispute. All reasonable requests for information made by one party to the other shall be honored in a timely fashion.
d) If the matter in dispute has not been resolved within sixty (60) days after delivery of the notice, or if the parties fail to meet within thirty (30) days, the dispute shall be referred to more senior executives who have authority to settle the dispute and who shall likewise meet in an attempt to resolve the matter in dispute. If the matter has not been resolved within thirty (30) days after it has been referred to the more senior executives, or if no meeting of such senior executives has taken place within fifteen (15) days after such referral, either party may seek alternative legal remedies as it deems appropriate.

11. **Insurance**

a) **Coverage.** Aon shall maintain, at all times during the term of this Agreement, the following minimum insurance coverages and limits:
   i) Workers' Compensation and related insurance as prescribed by the law of the state in which the Services are to be performed;
   ii) General Liability in the amount of $1,000,000 per occurrence and $2,000,000 in the aggregate; and
   iii) Professional Liability in the amount of $1,000,000 per occurrence and in the aggregate.
b) **Best Rating.** Aon will place such insurance with carriers possessing a B+VII or better rating, as rated in the A.M. Best Key Rating Guide for Property and Casualty Insurance Companies.

12. **Successors and Assigns**

This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of Aon and Client. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed, except a party may assign its rights and obligations to an affiliate entity controlled by, controlling, or in common control with the assigning party.

13. **Miscellaneous**

a) The headings used herein are for convenience only and will not affect the interpretation of this Agreement.
b) This Agreement has been entered into for the sole benefit of Client and Aon, and in no event will any third-party benefits or obligations be created thereby.
c) This Agreement and any Schedule hereunder may be executed in two or more counterparts, each of which will be deemed an original for purposes of this Agreement or the Schedule.
d) The relationship between the parties is that of independent contractors. Nothing in this Agreement will be deemed or construed to create a joint venture, agency, or partnership between the parties for any purpose or between the partners, officers, members, or employees of the parties by virtue of either this Agreement or actions taken pursuant to this Agreement. Aon personnel will remain Aon's employees for all purposes, including, but not limited to, determining responsibility for all payroll-related obligations.
e) Aon may enter into subcontracts to perform a portion of the Services under this Agreement provided that Aon shall remain responsible for the acts or omissions of such subcontractors as if such subcontracted activities had been performed by Aon.

f) Aon may include Client and its trademarks and logos on Aon's customer lists, proposals and other communications not intended for general distribution.
g) It is expressly understood and agreed that the obligations of Sections 5, 6, 8, 9, 10, 12, and 13 herein, as well as all payment obligations arising on or before the date of termination or expiration of the term of this Agreement, will survive the termination or expiration of this Agreement.
h) Both parties agree that injunctive relief is appropriate in enforcing the confidentiality provisions of this Agreement. In the event of any action to construe or enforce this Agreement or any portion thereof, the prevailing party will be entitled to

recover, in addition to any charges fixed by the court, its costs and expenses of suit, including reasonable attorneys' fees and expenses.

i) If any provision of this Agreement or portion thereof is declared invalid, the remaining provisions will nevertheless remain in full force and effect.

j) In the event any terms of any Schedule conflict with the terms contained in these General Terms and Conditions, the terms of such Schedule will prevail.

k) This Agreement is subject to OFAC compliance (i.e., the laws and regulations enforced by the United States Office of Foreign Assets Control and each party's compliance policies relating thereto). Since Aon can be held accountable under such laws and regulations in connection with its provision of the Services, Client confirms that it will screen against OFAC's list of Specially Designated Nationals and Blocked Persons those parties with whom Aon will interact at Client's direction in providing the Services (e.g., Client's employees, participants, other vendors, etc.). If a possible match is identified as a result of a screen, Client shall notify Aon, and the parties will cooperate with each other in resolving the matter (which may include adjustments to the Services or regulatory notifications).

l) This Agreement will be construed and enforced in accordance with the internal laws and judicial decisions of the State of Illinois, excluding its conflict of laws rules that would refer to and apply the substantive laws of another jurisdiction. To facilitate judicial resolution and save time and expense, the parties irrevocably and unconditionally agree not to demand a trial by jury in any action, proceeding or counterclaim arising out of or relating to the Services or this Agreement.

m) This Agreement, including any Schedules and the materials incorporated herein from time to time, constitutes the entire agreement of the parties and supersedes all previous oral or written negotiations and agreements relating to the subject matter hereof (including the subject matter of such Schedules). For the avoidance of doubt, this Agreement also supersedes the terms and conditions in any purchase order, engagement letter or general consulting services agreement between Aon and Client. For the avoidance of doubt, the effective date of each Schedule shall be set forth therein. There have been no representations or statements, oral or written, that have been relied on by any party hereto except those expressly set forth herein.

[End of Document]

Appendix B. Sample Public Fund Actuarial Report

Aon Hewitt
Retirement and Investment

Proprietary and Confidential

Actuarial Valuation Report

State of Euphoria

General Employees' Pension Plan for the State of Euphoria

Funding Results for the Year Ending September 30, 2016

Accounting Results for the Year Ending September 30, 2015

Measurement Date January 1, 2015

Risk. Reinsurance. Human Resources.

AON
Empower Results®

Introduction

This report documents the results of the actuarial valuation for the of the General Employees' Pension Plan for the State of Euphoria for the plan sponsor and for the Board of the General Employees' Pension Plan. The results presented are for fiscal year ending September 30, 2015 for accounting and fiscal year ending September 30, 2016 for funding. The plan is a single-employer plan and does not issue a separate financial statement. As a result, all reporting requirements are included in the employer's financial statement. These results are based on a Measurement Date of January 1, 2015. The information provided in this report is intended strictly for documenting information relating to State and plan disclosure and reporting requirements and plan funding.

Determinations for purposes other than the financial accounting requirements may be significantly different from the results in this report. Thus, the use of this report for purposes other than those expressed here may not be appropriate.

This valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board. In addition, the valuation results are based on our understanding of the financial accounting and reporting requirements under U.S. Generally Accepted Accounting Principles as set forth in Government Accounting Standards Board Statement 68 (GASB 68) including any guidance or interpretations provided by the Company and/or its audit partners prior to the issuance of this report. The information in this report is not intended to supersede or supplant the advice and interpretations of the Company's auditors.

Future actuarial measurements may differ significantly from the current measurements presented in this report due (but not limited to) to such factors as the following:

- Plan experience differing from that anticipated by the economic or demographic assumptions;
- Changes in actuarial methods or in economic or demographic assumptions;
- Increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and
- Changes in plan provisions or applicable law.

Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by State of Euphoria as of the valuation date. While we cannot verify the accuracy of all the information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy or completeness of the information and believe that it has produced appropriate results.

The actuarial assumptions and methods used in this valuation are described in the Actuarial Assumptions and Methods section of this report. State of Euphoria selected the economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB 68. Aon Hewitt provided guidance with respect to these assumptions, and it is our belief that the assumptions represent reasonable expectations of anticipated plan experience.

The undersigned are familiar with the near-term and long-term aspects of pension valuations and collectively meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. The information provided in this report is dependent upon various factors as documented throughout this report, which may be subject to change. Each section of this report is considered to be an integral part of the actuarial opinions.

To our knowledge, no colleague of Aon Hewitt[1] providing services to State of Euphoria has any material direct or indirect financial interest in the State of Euphoria. Thus, we believe there is no relationship existing that might affect our capacity to prepare and certify this actuarial report for the State of Euphoria.

This actuarial valuation and/or cost determination was prepared and completed by the undersigned or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Euphoria Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Excellent Actuary, FSA, EA
Aon Hewitt
1.555.123.4567
Excellent.Actuary@aonhewitt.com

August 13, 2015

[1] Aon Consulting, Inc. and Hewitt Associates LLC are operating as Aon Hewitt.

Table of Contents

Discussion of Results

The results of the actuarial valuation of the State of Euphoria General Employees' Pension Plan as of January 1, 2015, are contained in this report. The actuarial valuation is based upon census data and trust fund financial statements provided to us by the State.

Assumption Changes
The mortality assumption was updated from the RP-2000 dynamic table, which needed to be updated each year to the RP-2000 generational table, that is already updated for retirements in future years.

Plan Changes
No plan changes were recognized this year.

Required Contribution
The State minimum required contribution is developed on pages 5 and 6. The required contribution decreased from $17,546,573 to $13,254,983, i.e., a decrease of $4,291,590. These figures are net of Past Excess Contributions, i.e., contributions actually made for prior years above the required levels.

	Plan Year Ended		
	09/30/2014	**09/30/2015**	**09/30/2016**
State Minimum Required Contribution[1]	$26,270,308	$17,546,573	$13,254,983
Percent of Participants' Compensation	19.5%	13.8%	10.3%

One component of change each year in the minimum required contribution is the reimbursement of plan expenses. The actual expenses for the year ended September 30, 2014, were $3.553 million. This becomes the estimated expense provision for the 2015-2016 year. The make-up provision was an additional $0.468 million. Thus the total provision for expenses is $4.021 million, more than 2014-2015.

Actuarial Experience
The minimum required contribution decreased this year due to the less-than-expected increase in compensation of participants and the greater-than-expected return on the (smoothed) Actuarial Value of Assets.

The investment return on the Actuarial Value of Assets was 10.7% for the year ended December 31, 2014 – compared to the assumed rate of return of 8.0% annually. The market value return was 5.6%. Investment experience compounded over the last 5 years has been approximately 6.3% per year. Compensation for continuing participants increased 3.7% on average – compared to the assumed graded salary increase that averages approximately 4.5% annually. Compensation increases compounded over the last 5 years have been approximately 1.8% per year.

[1] The State has adopted the "Percentage Method" rather than the "Dollar Method." This means that the actual required contribution is not this number, which is based on projected Participants' Compensation Below Maximum Assumed Retirement Age (age 70). Rather it is to be based on the percent shown and actual Participants' Compensation Below Maximum Assumed Retirement Age for that Plan Year.

The following table summarizes the factors which affected the valuation results, along with their approximate impact:

	Impact on Present Value of Benefits or Actuarial Value of Assets (000's)	**Impact on Required Contribution (000's)**
Expected Increase due to Expected Payroll Increase	N/A	$ 636
Investment Performance greater than Expected	$16,723	(2,329)
Compensation Increases less than Expected	(1,745)	(243)
Change in Plan Expenses and Make-up	N/A	574
Change in Past Excess Contributions	N/A	(191)
Updating Assumptions	6,560	920
All Other Experience	(9,450)	(3,659)
		$ (4,292)

Funded Status

One of the best measures of the Funded Status of a defined benefit plan is considered to be the level of funding of the Accumulated Plan Benefits and Vested Benefits. Accumulated Plan Benefits are those future benefit payments that are attributable to employees' service rendered prior to the valuation date based on employees' actual pay histories (or estimates thereof). This measurement of benefits does not take into account the effect of potential future salary increases. Vested Benefits are those benefits which become nonforfeitable after 6 years of Service or which are attributable to employee contributions. Based on this measurement of Funded Status, using the Actuarial Value of Assets, the plan is adequately funded as of January 1, 2015, although continued funding of the plan is necessary to ensure appropriate funded levels in the future:

	01/01/2014	**01/01/2015**
Net Assets Available for Benefits[1]	$ 615,231,000	$ 650,841,000
Actuarial Present Value of Accumulated Plan Benefits		
Total Vested Benefits	$ 621,388,184	$ 624,110,227
Percent Funded	99.0%	104.3%
Total Actuarial Present Value of Accumulated Plan Benefits	$ 625,960,134	$ 628,804,931
Percent Funded	98.3%	103.5%

[1] Actuarial Value of Assets.

Another, more traditional measure of the Funded Status uses the Entry Age Normal Accrued Liability. This accrued liability equals the Present Value of Benefits less the Present Value of Future Entry Age Normal Costs. (See the description of the entry age normal method on the “Actuarial Cost Method” pages herein.) This accrued liability is independent of the actual plan assets and therefore may be a more reasonable “mile post” of how funded the Plan should be. It recognizes future compensation increases and is a measure of where the level of assets should be to date if all participants are proportionately funded over their individual careers as a level percentage of each participant's compensation:

	01/01/2014	**01/01/2015**
Market Value of Assets	$ 669,699,000	$ 675,829,000
Entry Age Normal Accrued Liability	$ 678,051,605	$ 679,751,313
Funded Ratio	98.8%	99.4%

Funding Requirements

Development of Normal Cost

		01/01/2014	01/01/2015
1.	Number of Participants		
	Active Members	2,359	2,353
	Terminated Members with Vested Benefits	547	569
	Retired Members and Beneficiaries	2,013	2,047
	Disabled Members	69	79
	TOTAL	4,988	5,048
2.	Participants' Compensation		
	a. Under Maximum Assumed Retirement Age	$ 124,234,188	$ 126,627,188
	b. Beyond Maximum Assumed Retirement Age	360,540	470,599
	c. Beyond Maximum Assumed Retirement Age	$ 124,594,728	$ 127,097,787
3.	Present Value of Benefits		
	Active Members	$ 228,420,727	$ 226,249,777
	Terminated Members with Vested Benefits	32,529,313	29,755,343
	Retired Members and Beneficiaries	447,366,841	457,773,185
	Disabled Members	8,906,148	8,563,876
	TOTAL	$ 717,223,029	$ 722,342,181
4.	Unfunded Frozen Initial Liability	$ 5,685,256	$ 6,072,629
5.	Actuarial Value of Assets	$ 615,231,000	$ 650,841,000
6.	Past Excess Contributions Account*	$ 2,452,557	$ 0
7.	Present Value of Future Employee Contributions	$ 105,881	$ 60,002
8.	Present Value of Future State Normal Costs = (3) – (4) – [(5) – (6)] – (7) (Not less than $0)	$ 98,653,449	$ 65,368,550
9.	Present Value of Future Compensation	$ 918,372,839	$ 927,247,767
10.	Normal Cost Rate = (8) ÷ (9) x 1.03923	11.16%	7.33%
11.	Projected Participants' Compensation for the Upcoming Plan Year = (2) x 1.02	$ 126,718,871	$ 129,159,732
12.	State Normal Cost Payable Quarterly = (10) x (11)	$ 14,141,826	$ 9,467,408

*Past Excess Contribution account method updated as of 9/30/2014

State Minimum Required Contribution

		Plan Year Ending		
		09/30/2014	**09/30/2015**	**09/30/2016**
1.	Normal Cost Payable Quarterly	$ 21,648,666	$ 14,141,826	$ 9,467,408
2.	Annual Amortization of Frozen Initial Liability Payable Quarterly	$ 1,206,211	$ 1,206,211	$ 1,206,211
3.	Expenses			
	Current Year Estimate (Equal to the Second Prior Plan Year's Actual Expenses)	$ 3,085,000	$ 3,270,000	$ 3,553,000
4.	Make up for Shortfall in Second Prior Plan Year's Estimate	356,000	177,000	468,000
	Total	$ 3,441,000	$ 3,447,000	$ 4,021,000
5.	Subtotal	$ 26,295,877	$ 18,795,037	$ 14,694,619
	% of Pay	19.5%	14.8%	11.4%
6.	Change in Past Excess Contributions Account from Third to Second Prior Plan Year, plus Interest	$ 25,569	$ 1,248,464	$ 1,439,636
7.	Minimum Required Contribution by State for Fiscal Year = (1) + (2) + (3) – (4), not less than $0	$ 26,270,308	$ 17,546,573	$ 13,254,983
	% of Pay	19.5%	13.8%	10.3%

History of Unfunded Frozen Initial and Supplemental Liabilities

	Initial Date	Initial Amount to be Amortized	Beginning Amortization Period	Original Amortization Period (Years)	Years Remaining	Plan Year Beginning Annual Amortization Amount	Unamortized Balance at Valuation Date
Benefit Improvement[1]	01/01/04	$ 577,178	10/01/04	15.0000	4.7500	$ 66,146	$ 280,055
Benefit Improvement[2]	01/01/05	4,908,273	10/01/05	17.1566	7.1566	525,506	3,269,975
Benefit Improvement[3]	01/01/06	5,365,251	10/01/06	17.5000	9.2500	569,025	3,934,801
						$1,160,677	

1.	Unamortized Balance as of 01/01/15	$ 7,484,831
2.	Past Excess Contributions Account	1,412,202
3.	Remaining Unfunded Liabilities = (1) – (2)	$ 6,072,629

[1] Decreased vesting requirements for Division B participants from 10 years to 6 years and increased the cost-of-living adjustment from 2% to 2.2% for Division A participants and from 1% to 1.2% for Division B participants.

[2] Increased benefit multiplier for Division B participants from 1.1% to 1.15%.

[3] Increased benefit multiplier for Division B participants from 1.15% to 1.20%.

Schedule Illustrating the Amortization of Unfunded Liabilities Existing this Date—Projected Unfunded Actuarial Accrued Liability

January 1	Liability
2015	$ 6,072,629
2016	$ 5,304,908
2017	$ 4,475,770
2018	$ 3,580,300
2019	$ 2,613,193
2020	$ 1,576,323
2021	$ 520,336
2022	$ 0

The first figure is the Unfunded Actuarial Accrued Liability as of the current valuation date. For each year thereafter, the preceding year's Unfunded Liability is reduced by the annual amortization payment and adjusted with interest at 8.00% per annum.

Past Excess Contributions Account

		09/30/2014
CHARGES		
Required State Contribution, per State[1]	$	24,369,057
Interest		816,614
TOTAL CHARGES	$	25,185,671
CREDITS		
Excess Contribution Brought Forward	$	0
State Contribution		24,627,660
Interest		1,970,213
TOTAL CREDITS	$	26,597,873
BALANCE		
Excess Contribution Carried Forward[2]	$	0
Deficiency Carried Forward	$	0
PROJECTION TO NEXT VALUATION DATE		
Balance as of 09/30/14	$	1,412,202
Interest on Balance for One Quarter		27,434
Balance as of 12/31/14	$	1,439,636

[1] Employer contribution made beginning of the year and employee contribution made throughout the year.

[2] Due to a change in contribution policy, the Excess Contribution method was updated. As a result, the Excess Contribution from prior years was also reset to zero as of 09/30/2014.

Market Value of Assets (000's)

	01/01/14	01/01/15
Assets		
Cash	$ 0	$ 47
Interest and Dividends Receivable	1,648	1,039
Debt and Other Interest Bearing Investments	184,919	206,342
Equity Securities	468,666	452,970
Real Estate Investments	33,961	35,300
Accounts Receivable	19,972	24
Receivable Contribution	0	0
Total Assets	**$ 709,166**	**$ 695,722**
Liabilities and Fund Balance		
Liabilities:		
Accounts Payable	$ 21,662	$ 1,331
Accrued Liabilities	0	1,822
Total Liabilities	$ 21,662	$ 3,153
Fund Balances:		
Reserve for DROP	$ 17,805	$ 16,740
Reserve for Other Retirement Benefits	669,699	675,829
Total Fund Balances	$ 687,504	$ 692,569
Total Liabilities and Fund Balances	**$ 709,166**	**$ 695,722**

Reconciliation of Assets (000's)
January 1, 2014 – December 31, 2014

	Actuarial Value	Market Value
Revenues		
State Contributions	$ 17,047	$ 17,047
Employee Contributions	81	81
Interest and Dividends	10,582	10,582
Unrealized Gains (Losses)	74,550	44,241
Realized Gains (Losses)	(17,542)	(17,542)
Total Revenues	$ 84,718	$ 54,409
Expenses		
Pension Payments	$ 45,791	$ 45,791
Administrative Expenses	3,553	3,553
Total Expenses	$ 49,344	$ 49,344
Net Income	$ 35,374	$ 5,065
Fund Balances, beginning of plan year	$ 631,588	$ 687,504
Fund Balances, end of plan year	$ 666,962	$ 692,569

Investment Gain /(Loss)

1.	Date of Actuarial Value of Assets:	1/1/2015	1/1/2014	1/1/2013	1/1/2012
2.	Market Value as of Prior Year (including receivable contributions)	$ 687,504	$ 585,179	$ 529,702	$ 557,783
3.	Receivable Contribution included above	$ -	$ -	$ -	$ -
4.	Market Value Excluding Receivable (2) - (3)	$ 687,504	$ 585,179	$ 529,702	$ 557,783
5.	Employer & Employee Contributions (made for the year, i.e., excluding the receivable contribution, item (3), but including contributions made after the end of the year with no expected return thereon)	$ 19,065	$ 41,735	$ 21,807	$ 18,770
6.	Benefit Distributions	$ 45,791	$ 45,223	$ 38,619	$ 37,094
7.	Administrative Expenses	$ 3,553	$ 3,366	$ 3,084	$ 3,088
8.	Expected Return %	8.00%	8.00%	8.00%	8.00%
	a. Item (4) for 1 year	$ 55,000	$ 46,814	$ 42,376	$ 44,623
	b. Item (3) for partial & (5)* for 1/2 year	1,522	1,637	855	736
	c. Item (6) for 1/2 year	(1,796)	(1,774)	(1,515)	(1,455)
	d. Item (7) for 1/2 year	(139)	(132)	(121)	(121)
		$ 54,587	$ 46,545	$ 41,595	$ 43,783
9.	Expected Market Value (2)+(5)-(6)-(7)+(8)	$ 711,812	$ 624,870	$ 551,401	$ 580,154
10.	Actual Market Value this Year (including receivable contributions)	$ 692,569	$ 687,504	$ 585,179	$ 529,702
11.	Investment Gain/(Loss) from Experience	$ (19,243)	$ 62,634	$ 33,778	$ (50,452)

Actuarial Value of Assets

5 -year Smoothed Market Value without Phase-in					**January 1, 2015**
1.	Market Value of Assets			$	692,569
2.	Investment Gains/(Losses) for Four Prior Years				
	a. Jan-14			$	(19,243)
	b. Jan-13				62,634
	c. Jan-12				33,778
	d. Jan-11				(50,452)
3.	Unrecognized Investment Gains/(Losses)				
	a. Jan-14	80%	of (2)(a)	$	(15,394)
	b. Jan-13	60%	of (2)(b)		37,580
	c. Jan-12	40%	of (2)(c)		13,511
	d. Jan-11	20%	of (2)(d)		(10,090)
	e. Total:	(a)+(b)+(c)+(d)		$	25,607
4.	Preliminary Actuarial Value of Assets = (1) - (3)(e)			$	666,962
5.	Adjustment to be within 20% of market value			$	-
6.	Actuarial Value of Assets = (4) + (5)			$	666,962

Allocation of Actuarial Value of Assets to the Reserve for Other Retirement Benefits (i.e., Excluding DROP)

	Actuarial Value Allocated in Proportion to Market Value	Market Value
Reserve for DROP	$ 16,121	$ 16,740
Reserve for Other Retirement Benefits	650,841	675,829
Total Fund Balances as of 1/1/2015	$ 666,962	$ 692,569

Reconciliation of DROP Participants and Assets

		Division A	Division B
Participants as of	1/1/2014	67	130
New DROP Members		6	34
New DROP's, Withdrew during Year		0	0
All Other Withdrawals		(18)	(33)
Corrections		0	(1)
Participants as of	1/1/2015	55	130

		Total
Assets as of	1/1/2014	$17,804,932.10
	Payments into DROP	4,960,097.55
	Earnings	1,078,961.45
	Distributions	(7,082,098.10)
	Expenses	(3,555.00)
	Adjustments	(18,150.57)
Assets as of	1/1/2015	$16,740,187.43

Accounting Requirements

Development of GASB 68 Net Pension Expense

Calculation Details

The following table illustrates the Net Pension Liability under GASB 68, which is effective for September 30, 2015 fiscal year and later.

		Transition 10/1/2014	**Fiscal Year End 09/30/2015**
(1)	Total Pension Liability	$ 678,051,605	$679,751,313
(2)	Plan Fiduciary Net Position	669,699,000	675,829,000
(3)	Net Pension Liability	$ 8,352,605	$ 3,922,313
(4)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.77%	99.42%
(5)	Net Pension Obligation as of 9/30/2014	$1,622,847	N/A
(6)	Transition Adjustment: (3) – (5)	$6,729,758	N/A

The following table illustrates the pension expense under GASB 68.

			Fiscal Year Ending September 30, 2015
(1)	Service Cost		$ 5,622,896
(2)	Interest Cost		$ 52,947,200
(3)	Expected Investment Return		$(52,031,504)
(4)	Employee Contributions		$ (81,000)
(5)	Admin Expense		$ 3,545,890
(6)	Plan Changes		$ 0
(7)	Amortization of Unrecognized		
	(a)	Liability (Gain)/Loss	$ (4,773,106)
	(b)	Asset (Gain)/Loss	3,162,923
	(c)	Assumption Changes	1,405,405
(8)	Total Expense		$ 9,798,704

Expense Component Development

Shown below are details regarding the calculation of Service and Interest Cost components of the Expense.

			Fiscal Year End 09/30/2015
(1)	Development of Service Cost:		
	(a)	Normal Cost at Measurement Date	$ 5,622,896
(2)	Development of Interest Cost:		
	(a)	Total Pension Liability at Measurement Date	$ 678,051,605
	(b)	Normal Cost at Measurement Date	$ 5,622,896
	(c)	Actual Benefit Payments	$ 43,668,999
	(d)	Discount Rate	8.00%
	(e)	Interest Cost	$ 52,947,200
(3)	Development of Expected Investment Return:		
	(a)	Plan Fiduciary Net Position at Measurement Date	$ 669,699,000
	(b)	Actual Contributions—Employer	$ 17,047,000
	(c)	Actual Contributions—Employee	$ 81,000
	(d)	Actual Benefit Payments	$ 43,668,999
	(e)	Administrative Expenses	$ 3,545,890
	(f)	Other	$ 0
	(g)	Expected Return on Assets	8.00%
	(h)	Expected Return	$ 52,031,504

Reconciliation of Net Pension Liability

Shown below are details regarding the Total Pension Liability, Plan Fiduciary Net Position, and Net Pension Liability for the Measurement Period from September 30, 2014 to September 30, 2015:

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (c) = (a) - (b)**
Balance recognized at 10/1/2014 (based on 1/1/2014 Measurement Date)	$ 678,051,605	$ 669,699,000	$ 8,352,605
Changes recognized for the fiscal year:			
Service Cost	5,622,896	N/A	5,622,896
Interest on the total pension liability	52,947,200	N/A	52,947,200
Changes of benefit terms	0	N/A	0
Differences between expected and actual experience	(18,710,577)	N/A	(18,710,577)
Changes of assumptions	5,509,188	N/A	5,509,188
Contributions from the employer	N/A	17,047,000	(17,047,000)
Contributions from the employee	N/A	81,000	(81,000)
Net investment income	N/A	36,216,889	(36,216,889)
Benefit payments	(43,668,999)	(43,668,999)	0
Administrative expense	N/A	(3,545,890)	3,545,890
Net Changes	1,699,708	6,130,000	(4,430,292)
Balance recognized at 9/30/2015 (based on 1/1/2015 Measurement Date)	$ 679,751,313	$ 675,829,000	$ 3,922,313

Liability (Gain)/Loss

The following table illustrates the liability gain/loss under GASB 68.

		Fiscal Year End September 30, 2015
(1)	Pension Liability Prior Measurement Date	$ 678,051,605
(2)	Service Cost	$ 5,622,896
(3)	Interest Cost	$ 52,947,200
(4)	Plan Changes	$ 0
(5)	Assumption Changes	$ 5,509,188
(6)	Benefit Payments	$ 43,668,999
(7)	Expected Pension Liability	$ 698,461,890
(8)	Actual Pension Liability	679,751,313
(9)	Pension Liability (Gain)/Loss	$ (18,710,577)
(10)	Average Future working Life Expectancy	3.92
(11)	Pension Liability (Gain)/Loss Amortization	$ (4,773,106)

Asset (Gain)/Loss

The following table illustrates the asset gain loss under GASB 68.

		Fiscal Year End September 30, 2015
(1)	Pension Asset Prior Measurement Date	$ 669,699,000
(2)	Contributions—Employer and Employee	$ 17,128,000
(3)	Expected Investment Income	$ 52,031,504
(4)	Benefit Payments	$ 43,668,999
(5)	Administrative Expense	$ 3,545,890
(6)	Other	$ 0
(7)	Expected Pension Asset	$ 691,643,615
(8)	Actual Pension Asset	675,829,000
(9)	Pension Asset (Gain)/Loss	$ 15,814,615
(10)	Amortization Factor	5
(11)	Pension Asset (Gain)/Loss Amortization	$ 3,162,923

Deferred Outflows/Inflows

The following table illustrates the Deferred Inflows and Outflows at the end of the fiscal year under GASB 68.

		Deferred Outflows	Deferred Inflows
(1)	Difference between actual and expected experience		
	(a) Measurement Date January 1, 2015	$ 0	$ (13,937,471
(2)	Assumption Changes		
	(a) Measurement Date January 1, 2015	$ 4,103,783	$ 0
(3)	Net Difference Between Expected and Actual Earnings on Pension Plan Investments		
	(a) Measurement Date January 1, 2015	$ 12,651,692	$ 0
(4)	Total	$ 16,755,475	$ (13,937,471

Amortization of Deferred Inflows/Outflows

The table below lists the amortization bases included in the deferred inflows/outflows as of September 30, 2015.

Date		Period		Balance		Annual
Established	Type of Base	Original	Remaining	Original	Remaining	Payment
10/01/2014	Liability (Gain)/Loss	3.92	2.92	$ (18,710,577)	$ (13,937,471)	$ (4,773,106)
10/01/2014	Assumption Changes (Gain)/Loss	3.92	2.92	$ 5,509,188	4,103,783	1,405,405
10/01/2014	Asset (Gain)/Loss	5.00	4.00	$ 15,814,615	12,651,692	3,162,923
	Total Charges				**$ 2,818,004**	**$ (204,778)**

Amounts Recognized in the deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Year Ended September 30:	
2016	$ (204,778)
2017	$ (204,778)
2018	$ 64,637
2019	$ 3,162,923
2020	$ 0
Thereafter	$ 0

Sensitivity

GASB Requirements

The following table illustrates the impact of interest rate sensitivity on the Net Pension Liability for fiscal year end September 30, 2014:

		1% Decrease (7.00%)	Current Rate (8.00%)	1% Increase (9.00%)
(1)	Total Pension Liability	$753,606,254	$678,051,605	$614,634,189
(2)	Plan Fiduciary Net Position	669,699,000	669,699,000	669,699,000
(3)	Net Pension Liability	$ 83,907,254	$ 8,352,605	$(55,064,811)

The following table illustrates the impact of interest rate sensitivity on the Net Pension Liability for fiscal year end September 30, 2015:

		1% Decrease (7.00%)	Current Rate (8.00%)	1% Increase (9.00%)
(1)	Total Pension Liability	$754,849,430	$679,751,313	$616,400,819
(2)	Plan Fiduciary Net Position	675,829,000	675,829,000	675,829,000
(3)	Net Pension Liability	$ 79,020,430	$ 3,922,313	$(59,428,181)

Disclosure—Changes in the Net Pension Liability and Related Ratios

Changes in the Net Pension Liability and Related Ratios – RP2000, 8.0% Interest

GASB 68 is effective for fiscal year ending September 30, 2015. The follow exhibit is a 10 year history of change in Net Pension Liability.

	Fiscal Year Ending									
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Total Pension Liability										
Service Cost	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 5,622,896
Interest Cost	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 52,947,200
Changes of Benefit Terms	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 0
Differences Between Expected and Actual Experiences	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$(18,710,577)
Changes of Assumptions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 5,509,188
Benefit Payments, Including Refunds of Member Contributions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$(43,668,999)
Net Change in Total Pension Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 1,699,708
Total Pension Liability (Beginning)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$678,051,605
Total Pension Liability (Ending)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$678,051,605	$679,751,313
Plan Fiduciary Net Position										
Contributions—Employer	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 17,047,000
Contributions—Member	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 81,000
Net Investment Income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 36,216,889
Benefit Payments, Including Refunds of Member Contributions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$(43,668,999)
Administrative Expense	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ (3,545,890)
Other	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 0
Net Change in Plan Fiduciary Net Position	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 6,130,000
Plan Fiduciary Net Position (Beginning)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$669,699,000
Plan Fiduciary Net Position (Ending)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$669,699,000	$675,829,000
Net Pension Liability (Ending)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$8,352,605	$ 3,922,313
Net Position as a % of Pension Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	98.77%	99.42%
Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$124,594,728	$127,097,787
Net Pension Liability as a % of Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6.70%	3.09%

Disclosure—Contribution Schedule

Contributions – RP2000, 8.0% Interest

GASB 68 is effective for fiscal year ending September 30, 2015. The follow exhibit is a 10 year history of Contributions.

	Fiscal Year Ending									
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Actuarially Determined Contribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$24,369,057	N/A
Contributions made in Relation to the Actuarially Determined Contribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$24,627,660	$17,047,000
Contribution Deficiency (excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ (258,603)	N/A
Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$124,594,728	$127,097,787
Contributions as a % of Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	19.77%	13.41%

Notes to Schedule:
Valuation Date: Actuarially determined contribution rates are calculated as of January 1, 1 year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method: Entry age Normal with frozen Initial Liability

Asset Valuation Method: Actuarial Value – 5-year smoothed market value.

IRS Limit Increases: 4.5%

Salary Increases: Graded by age – see assumptions section for rates.

Investment Rate of Return: 8.00%, net of pension plan investment expense, including inflation.

Retirement Age: Graded by age and Division – see assumption section for rates.

Mortality rates were based on the RP-2000 Healthy Annuitant/Non Annuitant Mortality Table for Males or Females, as appropriate, with generational projections for mortality improvements based on Scale AA. Disclosure—Changes in the Net Pension Liability and Related Ratios.

State Requirements

Sensitivity

The following table illustrates the impact of interest rate sensitivity on the Net Pension Liability for fiscal year end September 30, 2014:

		2% Decrease (6.00%)	**Current Rate (8.00%)**	**FRS Interest (7.75%)**
(1)	Total Pension Liability	$843,235,665	$ 678,051,605	$695,683,530
(2)	Plan Fiduciary Net Position	669,699,000	669,699,000	669,699,000
(3)	Net Pension Liability	$173,536,665	$ 8,352,605	$ 25,984,530

The following table illustrates the impact of interest rate sensitivity on the Net Pension Liability for fiscal year end September 30, 2015:

		2% Decrease (6.00%)	**Current Rate (8.00%)**	**FRS Interest (7.65%)**
(1)	Total Pension Liability	$844,560,758	$ 679,751,313	$704,567,628
(2)	Plan Fiduciary Net Position	675,829,000	675,829,000	675,829,000
(3)	Net Pension Liability	$168,731,758	$ 3,922,313	$ 28,738,628

Adequacy of Assets

The following table illustrates the number of years and fractions for which the Market Value of Assets are adequate to sustain expected retirement benefits.

Assumptions	**Years and Fractions**
RP 2000 Mortality and 8.0% Interest	25.17
RP 2000 Mortality and 6.0% Interest	18.25

State Required Disclosure—Changes in the Net Pension Liability and Related Ratios

Changes in the Net Pension Liability and Related Ratios – RP2000, 6.0% Interest

GASB 68 is effective for fiscal year ending September 30, 2015. The follow exhibit is a 10 year history of change in Net Pension Liability.

	Fiscal Year Ending									
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Total Pension Liability										
Service Cost	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 9,288,710
Interest Cost	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 49,841,393
Changes of Benefit Terms	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 0
Differences Between Expected and Actual Experiences	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ (24,256,849)
Changes of Assumptions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 10,120,838
Benefit Payments, Including Refunds of Member Contributions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ (43,668,999)
Net Change in Total Pension Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 1,325,093
Total Pension Liability (Beginning)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 843,235,665
Total Pension Liability (Ending)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$843,235,665	$ 844,560,758
Plan Fiduciary Net Position										
Contributions—Employer	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 17,047,000
Contributions—Member	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 81,000
Net Investment Income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 36,216,889
Benefit Payments, Including Refunds of Member Contributions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ (43,668,999)
Administrative Expense	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ (3,545,890)
Other	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 0
Net Change in Plan Fiduciary Net Position	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 6,130,000
Plan Fiduciary Net Position (Beginning)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 669,699,000
Plan Fiduciary Net Position (Ending)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$669,699,000	$ 675,829,000
Net Pension Liability (Ending)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$173,536,665	$ 168,731,758
Net Position as a % of Pension Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	79.42%	80.02%
Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$124,594,728	$127,097,787
Net Pension Liability as a % of Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	139.28%	132.76%

State Required Disclosure—Contribution Schedule

Contributions – RP2000, 6.0% Interest

GASB 68 is effective for fiscal year ending September 30, 2015. The follow exhibit is a 10 year history of Contributions.

	Fiscal Year Ending									
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Actuarially Determined Contribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$24,369,057	N/A
Contributions made in Relation to the Actuarially Determined Contribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$24,627,660	$17,047,000
Contribution Deficiency (excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ (258,603)	N/A
Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$124,594,728	$127,097,787
Contributions as a % of Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	19.77%	13.41%

Notes to Schedule:
Valuation Date: Actuarially determined contribution rates are calculated as of January 1, 1 year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method:	Entry age Normal with frozen Initial Liability
Asset Valuation Method:	Actuarial Value – 5-year smoothed market value.
IRS Limit Increases:	4.5%
Salary Increases:	Graded by age – see assumptions section for rates.
Investment Rate of Return:	6.00%, net of pension plan investment expense, including inflation.
Retirement Age:	Graded by age and Division – see assumption section for rates.

Mortality rates were based on the RP-2000 Healthy Annuitant/Non Annuitant Mortality Table for Males or Females, as appropriate, with generational projections for mortality improvements based on Scale AA. Disclosure—Changes in the Net Pension Liability and Related Ratios.

Actuarial Present Value of Accrued Benefits

	01/01/14	01/01/15
Vested Benefits		
Participants Currently Receiving Payments	$ 456,272,989	$466,337,061
All Other Participants	165,115,195	157,773,166
Total Vested Benefits	$ 621,388,184	$ 624,110,227
Nonvested Benefits	4,571,950	4,694,704
Total Actuarial Present Value of Accumulated Plan Benefits	$ 625,960,134	$ 628,804,931
Statement of Changes in Total Accrued Benefits		
Accrued Benefits at January 1, 2014		$ 625,960,134
Increase (Decrease) attributable to		
Plan Amendments		$ 0
Changes in Actuarial Assumptions		$ 4,515,921
Increase for Interest, Probability of Payment Due to		
Decrease in Discount Period and Benefits Accrued/(Forfeited)		$ 44,119,876
Benefits Paid		$ (45,791,000)
Other Changes (Transfers)		$ 0
Net Increase (Decrease)		$ 2,844,797
Accrued Benefits at January 1, 2015		$ 628,804,931

15 Year Projection of Emerging Liabilities

January 1	Expected Benefit Payments
2015	$46,020,521
2016	$47,709,858
2017	$49,083,886
2018	$50,620,285
2019	$52,100,120
2020	$53,596,110
2021	$55,236,013
2022	$56,816,072
2023	$58,399,866
2024	$59,834,699
2025	$61,452,095
2026	$63,027,928
2027	$64,456,233
2028	$65,593,660
2029	$66,793,396

Appendix

Participant Data

The actuarial valuation was based on personnel information from State of Euphoria records as of January 1, 2015. Following are some of the pertinent characteristics from the personnel data as of that date. Prior year characteristics are also provided for comparison purposes. Both age and service have been determined using years and months as of the valuation date.

	January 1, 2014	January 1, 2015
Actives Participants		
Number	2,359	2,353
Average Current Age	46.7	46.8
Average Years of Service	14.2	13.2
Average Compensation	$ 50,486	$ 51,645
Inactives with Deferred Benefits		
Number	547	569
Average Current Age	50.0	49.9
Average Monthly Benefit[1]	$ 760	$ 717
Inactives Receiving Payment		
Number	2,082	2,126
Average Current Age	71.8	71.6
Average Monthly Benefit	$ 1,714	$ 1,733
Total Participants		
Number	4,988	5,048

[1] Before adjustment for assumed retirement age.

Participant Data Summary

Reconciliation – Division A

	Active	DROP	Terminated Vested	Disabled	Retired	Beneficiaries	Total
January 1, 2014	24	67	9	27	790	396	1,313
Changes During Year							
New Participants							
Retirements	(1)	(18)	(6)		25		
Disabilities							
Non-Vested Terminations							
Vested Terminations							
DROP Enrollments	(6)	6					
Deaths				(2)	(49)	(29)	(80)
New Beneficiaries						21	21
Benefits Expired							
Other	(1)					(1)	(2)
January 1, 2015	16	55	3	25	766	387	1,252
Average Age	55.3	59.7	54.9	70.8	73.3	79.0	

Reconciliation – Division B

	Active	DROP	Terminated Vested	Disabled	Retired	Beneficiaries	Total
January 1, 2014	2,335	130	538	42	537	93	3,675
Changes During Year							
New Participants	200						200
Retirements	(24)	(32)	(29)		85		
Disabilities	(12)			12			
Non-Vested Terminations	(72)						(72)
Vested Terminations	(58)		58				
DROP Enrollments	(32)	32					
Deaths	(7)		(2)		(18)	(5)	(32)
New Beneficiaries						11	11
Benefits Expired							
Other	7		1		(2)	8	14
January 1, 2015	2,337	130	566	54	602	107	3,796
Average Age	46.8	64.6	49.9	56.3	69.6	67.1	

Reconciliation - Total

	Active	DROP	Terminated Vested	Disabled	Retired	Beneficiaries	Total
January 1, 2014	2,359	197	547	69	1,327	489	4,988
Changes During Year							
New Participants	200						200
Retirements	(25)	(50)	(35)		110		
Disabilities	(12)			12			
Non-Vested Terminations	(72)						(72)
Vested Terminations	(58)		58				
DROP Enrollments	(38)	38					
Deaths	(7)		(2)	(2)	(67)	(34)	(112)
New Beneficiaries						32	32
Benefits Expired							
Other	6		1		(2)	7	12
January 1, 2015	2,353	185	569	79	1,368	494	5,048
Average Age	46.9	63.1	49.9	60.9	71.7	76.4	

Active Participants Age / Years of Service Distribution

Shown below is the distribution of active participants based on age and years of service since their hire date.

	Years of Service as of 01/01/2015							
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30+**	**Total**
Under 25	67	7						**74**
25-29	75	38	12					**125**
30-34	81	45	49	5				**180**
35-39	85	55	54	23	1			**218**
40-44	76	61	80	61	24	1		**303**
45-49	77	73	86	80	45	58	**3**	**422**
50-54	52	62	80	72	49	83	**54**	**452**
55-59	44	43	59	62	44	67	**50**	**369**
60-64	21	33	33	21	12	30	**20**	**170**
65 and over	9	5	7	7	4	4	**4**	**40**
Total	**587**	**422**	**460**	**331**	**179**	**243**	**131**	**2,353**

Asset Allocation

The following table illustrates the allocation of the Plan Fiduciary Net Position as of December 31, 2014:

Asset Class	Total Allocation
Bonds	29%
Equity	65%
Real Estate	5%
Cash	1%
Total	100%

The following table illustrates the expected rate of return for each of the asset classes in Plan Fiduciary Net Position as of December 31, 2014:

Asset Class	Expected Nominal Return	Expected Real Rate of Return
Bonds	4.1%	1.6%
Equity	7.4%	4.9%
Real Estate	7.2%	4.7%
Cash	2.8%	0.3%

Five Year History of Asset Returns and Portfolio Percentages

Year Ended December 31,	Assumed Return	Actual Return	Percentage of Bonds	Percentage of Stocks	Percentage of Real Estate	Percentage of Cash
2010	8.0%	13.7%	28%	67%	5%	0%
2011	8.0%	-1.2%	32%	62%	6%	0%
2012	8.0%	14.5%	30%	62%	5%	3%
2013	8.0%	18.8%	26%	66%	5%	3%
2014	8.0%	5.6%	29%	65%	5%	1%

The actual experience figures are the approximate time-weighted rates of return for the particular year. Income includes dividends, interest, and unrealized and realized gains (losses), based upon statements of Fund Balances. The time-weighted balance reflects estimated transaction dates for income, employer contributions, expenses, and disbursements.

Five Year History of Actual verses Assumed Salary Increases

Year Ended December 31,	Assumed Increases	Actual Increases
2010	6.0%	-1.0%
2011	6.0%	0.7%
2012	6.0%	3.4%
2013	6.0%	2.2%
2014	Graded[1]	3.7%

Each figure is the rate of increase in the average compensation from the prior year ("weighted" by each individual participant's compensation), as reported for the actuarial valuations. The average includes only continuing active employees who have a full year of compensation in both the current and prior years, based on their reported dates of employment.

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[1] Assumed salary increase is a graded scale going from 10.0% per year at age 15 to 2.0% at age 70.

Actuarial Assumptions and Methods

Expected Return on Assets	8.00%.
Discount Rate	8.00%[1].
Salary Increases	Sample Rates

Age	Rate
15	10.0%
20	9.0%
25	8.0%
30	7.0%
35	6.0%
40	5.0%
45	4.5%
50	4.0%
55	3.5%
60	3.0%
65	2.5%
70	2.0%

Payroll Growth	For purposes of projecting Total Participants' Compensation (under maximum assumed retirement age) from the calendar year forward nine months to the plan year beginning October 1, a 2% increase assumption is applied.
General Inflation	2.5%
Benefit and Compensation Limits	N/A.
Maximum Compensation	Compensation is limited to $265,000 per year, projected to increase at the rate of 4.5% per year.
Maximum Benefit	The maximum accrued benefit payable as a life annuity (the value of the Plan's Survivor Annuity is not subject to this limitation) commencing between ages 62 and 65 is $210,000, projected to increase at the rate of 4.5% per year.
Mortality Rates	RP-2000 Fully Generational Scale AA.
Post-Disablement Mortality	80% of the 1965 Railroad Board Ultimate Mortality Table

[1] Based on the employer's funding policy, projected assets are projected to always be sufficient to cover projected benefit payments, so the EROA is used as the discount rate.

Withdrawal Rates

Sample Rates

	Years of Service			
Age	**1**	**2**	**3**	**4+**
20	38.6%	38.6%	38.6%	19.3%
30	19.4%	19.4%	19.4%	9.7%
40	9.0%	9.0%	9.0%	4.5%
50	10.0%	10.0%	10.0%	5.0%
60	10.0%	10.0%	10.0%	5.0%

Disability Rates

Sample Rates

Age	Rate
20	.09%
30	.11%
40	.15%
50	.33%
60	1.18%

Actuarial Value of Assets

Assets are valued using 5-year smoothed market value without phase-in.

Decrement Timing

Middle of year decrements, with 100% retirement occurring at beginning of year.

Timing of Contribution

The contribution is assumed to be made at the beginning of the fiscal year.

Employees Covered

All Participants as of the actuarial valuation date.

Administrative Expenses

Expenses for the current plan year are assumed to equal actual expenses for the second prior plan year. If actual expenses for the second prior plan year differ from the second prior plan year's estimate, a make-up contribution or credit is included.

Marital Status

70% of all active male participants are assumed to be married; 55% of all active female participants are assumed to be married. The marital status of a terminated vested participant who has not yet elected a form of benefit payment is assumed to be that reported by the participant at his or her date of termination and recorded in the Pension Office.

Spouse's Ages

Unless actual data has been provided, male spouses are assumed to be three years older than female spouses.

Remarriage

Sample Rates

Age	Rate
25	8.755%
30	6.280%
35	4.107%
40	2.614%
45	1.768%
50	1.178%
55	.744%
60	.469%
65	.290%
70	.198%

Using the October 1, 2001, valuation results, an analysis was made of the impact of the reduction in the Survivor Annuity from 75% to 50% upon remarriage (Division A). Based on these remarriage rates, the analysis showed that the impact was equivalent to valuing (1) a 73.63% Survivor Annuity for active, terminated vested, retired and disabled participants and (2) a benefit equal to 99.16% of the actual monthly benefit for beneficiaries already receiving the Survivor Annuity.

Actuarial Cost Method

Entry Age Normal with Frozen Initial Liability – Changes in plan provisions, to the extent unfunded, are reflected in a supplemental component of the Unfunded Frozen Initial Liability. Changes in actuarial assumptions are reflected in future Normal Costs.

Fiscal Year End

September 30, 2015.

Measurement Date

January 1, 2015.

Measurement Period

January 1, 2014 to January 1, 2015.

Valuation Date

January 1, 2015.

Census Data

As of January 1, 2015.

Completeness of Assumptions

All benefits and expenses to be provided by the Plan are recognized in the valuation. All known events are taken into account; no current trends are assumed to discontinue in the future.

Changes in Methods/Assumptions Since the Prior Year

Method Changes
The accounting valuation has been updated to reflect GASB68 starting in fiscal year ending September 30, 2015.

The method used to calculate the past Excess Contributions has been updated. The balance was reset as of September 30, 2014, and it is no longer being subtracted directly from the present value of benefits to come up with the normal cost. Also, now the balance of the account is used to reduce the contribution requirement rather than the change from year to year.

Assumption Changes
Both the funding and financial accounting valuations used an updated mortality assumption going from RP-2000 updated to 2014 with scale AA to RP-2000 generational with scale AA.

Actuarial Assumptions and Methods

Discussion of Actuarial Assumptions and Methods

State of Euphoria selected the economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB 68. Aon Hewitt provided guidance with respect to these assumptions, and it is our belief that the assumptions represent reasonable expectations of anticipated plan experience.

Calculation of Normal Costs and Liabilities

The method used to calculate the service cost and projected benefit obligation for determining pension expense is the entry age normal cost method. Under this cost method, the actuarial accrued liability is based on a prorated portion of the present value of all benefits earned to date over expected future working life time as defined by GASB. The proration is determined so that the cost with respect to service accrued from date of hire is recognized as a level percentage of pay each year. The Normal Cost is equal to the prorated cost for the year of the valuation.

Accounting Information Under GASB 68

Benefit obligations and expense/(income) are calculated under U.S. Generally Accepted Accounting Principles as set forth in Government Accounting Standards Board Statement 68.

The total pension liability represents the actuarial present value of benefits based on the entry age normal cost method as of the measurement date. The service cost represents the actuarial present value of benefits that are attributed to the 2015 fiscal year, reflecting the effect of assumed future pay increases.

The pension expense is the annual amount to be recognized in the income statement as the cost of pension benefits for this plan for the period ending September 30, 2015.

Description of Actuarial Cost Method for Funding

The Entry Age Normal with Frozen Initial Liability cost method spreads the funding of a portion of the pension benefits over the future service of all active Members and the balance is funded in a separate amortization schedule.

The Frozen Initial Liability is determined and fixed in the first year the cost method is adopted, although it may be redetermined or a supplemental piece added when the Plan is amended. The Frozen Initial Liability is the excess of the Present Value of Benefits over the sum of (a) the Present Value of Future Entry Age Normal Costs, (b) the Present Value of Future Employee Contributions, and (c) the Actuarial Value of Assets in the Trust Fund. The Entry Age Normal Cost is the annual cost determined by assuming the current Plan was always in effect and calculating the amount needed to produce level funding of benefits for all current Members from the date they would have entered the Plan. The Frozen Initial Liability may be amortized over as many as 40 years.

In each subsequent year, the order of steps is reversed. The Present Value of Future Normal Costs is calculated as the excess of the Present Value of Benefits over the sum of (a) the unfunded portion of the Frozen Initial Liability, (b) the Actuarial Value of Assets and (c) the Present Value of Future Employee Contributions.

The Normal Cost is developed by spreading the Present Value of Future State Normal Costs over the future compensation of all Members as a level percentage of pay, i.e., by dividing it by the Present Value of Future Compensation to get the Normal Cost Rate. The Normal Cost Rate is presumed to remain constant from the January 1 valuation date to the following Plan Year, October 1 through September 30. The Normal Cost is the product of the Normal Cost Rate and the current Members' Compensation, after the latter is projected forward nine months with a payroll growth assumption. Actuarial gains or losses are included in the Present Value of Future Normal Costs, and are reflected in the Normal Cost Rate and thereby spread over the remaining future service of the Members in the Normal Cost. The Frozen Initial Liability is not adjusted for actuarial gains or losses.

Plan Provisions

Effective Date	Created as Chapter 23559, Laws of Euphoria of 1945. Restated in its present form as of October 1, 1981. Summary includes all amendments through Chapter 2004–431, Special Act of 2004. Summary also includes the amendment passed by the 2005 Euphoria Legislature, which became effective October 1, 2005, the amendment passed by the 2006 Euphoria Legislature, which became effective October 1, 2006, and the amendment passed by the 2011 Euphoria Legislature, which became effective October 1, 2011.
Plan Year	October 1 to September 30.
Eligibility	All permanent employees including elective officers, department heads, and appointive officers, who are not covered by another pension plan. Those hired before October 1, 1981, shall be in Division A. Those hired on or after October 1, 1981, and those Division A employees who elect to change, shall be in Division B.
Current Employee Contributions	
Division A	7.00% of Compensation.
Division B	None after October 1, 1981.
Compensation	Wages and salaries earned by an employee including regular longevity bonuses, overtime and shift premiums, but excluding other premiums, allowances, special payments or any casual nonrecurring or unpredictable bonuses; payments for unused accrued bona fide sick, vacation, or other leave; payments received by an employee pursuant to a nonqualified unfunded deferred salary or wages plan; and severance pay that is paid after an employee severs employment with the State. However, salaries or wages earned but not paid to the employee by the employee's severance date with the State shall be considered Compensation for Plan purposes. Compensation shall also include elective amounts that are excludible from the employee's gross income under Sections 125 (including amounts that are not available to the employee in cash in lieu of group health coverage because the employee is unable to certify that he or she has other health coverage, but only if the employer does not request or collect information regarding the employee's other health coverage as part of the enrollment for the health plan); 403(b) (tax-sheltered annuity); 457 (Section 457 plan); and 132(f)(4) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder. Compensation shall be limited to the cap under Section 401(a)(17) if the Code, as adjusted by the IRS for changes in the cost of living.

Average Monthly Compensation	The total Compensation received during the 3 years out of the last 6 years of Continuous Service which produces the highest average, divided by 36.
Accrued Pension	The amount determined by applying the benefit formula to an employee's Average Monthly Compensation and Service at the date of termination of employment.
Continuous Service (Service)	Unbroken service by an employee. Temporary interruptions of service caused by military service, illness or involuntary severance through no fault of the employee, provided he is reinstated, shall not be deemed to be breaks in continuous service. Also, certain time spent on authorized leave of absence shall be recognized (subject to payment of employee contributions). Under certain conditions specified in the Plan provisions, a terminated or retired employee who is rehired may have his prior Service reinstated.

Retirement and Death Benefits—Division A

a. Eligibility (Normal Retirement Date)	Completion of at least 6 years of Service and the attainment of age 55.
b. Normal Retirement Benefit	A monthly pension commencing on or after Normal Retirement Date payable for life equal to 2% of Average Monthly Compensation times years of Service, plus an additional .5% of Average Monthly Compensation times years of Service in excess of 15 years, for years served after January 1, 1975. A maximum of 30 years of Service is recognized.
c. Early Retirement Benefit	None.
d. Postretirement Death Benefit	The spouse of a deceased retired participant shall receive a monthly benefit equal to 75% of the participant's benefit, paid as a Survivor Annuity. Dependent children under 18 of a deceased participant shall receive a benefit of $100 per month. The total benefit payable to the spouse and children shall not exceed the amount being received by the deceased participant. Orphaned children under 18 shall receive the spouse's benefit. The Survivor Annuity ceases upon death of the spouse or upon marriage or attainment of age 18 by the dependent/orphaned children; it reduces to 50% of the participant's benefit upon remarriage of the spouse. Dependent parents shall receive the spouse's benefit, if there is no spouse or children, until their death. Dependent parents may elect to withdraw employee contributions in a lump sum in lieu of the monthly benefit. (Upon the death of a terminated vested participant, the same Survivor Annuity is payable on or after the date age 55 would have been attained by the participant.) If a retired participant dies and is not survived by a spouse, children, or dependent parents, the excess, if any, of such participant's total contributions without interest over the total benefits received until death shall be paid in a lump sum to the legal heirs.

e. Preretirement Death Benefit	Before completing 6 years of Service, the full amount of the deceased participant's contributions, without interest, shall be paid to the legal heirs. After completing 6 years of Service, the spouse, children, or dependent parents of a participant who dies prior to retiring shall receive the immediate Survivor Annuity described above, payable as of the date of death. However, if the participant is not survived by a spouse, children, or dependent parents, the full amount of contributions, without interest, shall be paid to the legal heirs.
f. Cost-of-Living Adjustment	On January 1, 2005, and each January 1 thereafter, the pension benefit being paid to each retiree or beneficiary (whether attributable to retirement, termination, death or disability benefits) will be increased annually by 2.2%.

Retirement and Death Benefits—Division B

a. Eligibility (Normal Retirement Date)	Completion of at least 6 years of Service and the attainment of age 62.
b. Normal Retirement Benefit	A monthly pension commencing on or after Normal Retirement Date payable for life equal to 1.20% of Average Monthly Compensation multiplied by years of Service. (The minimum benefit under Section 8(B)(2) for participants who elected to be in Division B is presumed to be no longer controlling.)
c. Early Retirement Benefit	After the completion of at least 6 years of Service and the attainment of age 55, an active participant may elect to retire and receive a reduced benefit. The reduced benefit is the Accrued Pension reduced 5/12 of one percent for each month by which the benefit commencement date precedes the Normal Retirement Date.
d. Postretirement Death Benefit	The spouse of a deceased retired participant shall receive a monthly benefit equal to 50% of the participant's benefit, paid as a Survivor Annuity. (Upon the death of a terminated vested participant, the same Survivor Annuity is payable to the spouse on or after the date age 62 would have been attained by the participant.) No Survivor Annuity is payable unless the spouse and the participant were married on the date of retirement of the Participant. Former Division A participants shall also have a lump sum benefit equal to their contributions, without interest, less benefits paid.
e. Preretirement Death Benefit	Upon the death of an active employee after completing at least 6 years of Service, a lump sum equal to the annual salary is paid to the legal heirs. Also, a surviving spouse shall receive a monthly benefit equal to 50% of the participant's Accrued Pension, payable as of the employee's Normal Retirement Date, or as of his Early Retirement Date with the 5/12 of one percent per month reduction.
f. Cost-of-Living Adjustment	On January 1, 2005, and each January 1 thereafter, the pension benefit being paid to each retiree or beneficiary (whether attributable to retirement, termination, death or disability benefits) will be increased annually by 1.2%.

Disability Benefit

a. Eligibility	Total and permanent disability after the completion of at least 6 years of Service.
b. Disability Benefit	The participant's Accrued Pension, payable immediately.
c. Form of Benefit	A monthly annuity for the life of the participant, subject to a requirement to resume employment and discontinue the Disability Benefit in the case of recovery. After the participant's death, a Survivor Annuity is provided as described above for the applicable Division A or B benefit, beginning at the date of death.

Vested Termination

a. Eligibility	Completion of 6 years of Service.
b. Termination Benefit	The participant's Accrued Pension payable as of his Normal Retirement Date, provided Employee Contributions are not refunded. No Early Retirement Benefit is available.
c. Form of Benefit	A monthly annuity for the life of the participant. After the participant's death, a Survivor Annuity is provided as described above for the applicable Division A or B benefit, beginning at the latter of the participant's Normal Retirement Date or date of death.

Non-Vested Termination

a. Eligibility	Any actively employed Division A participant.
b. Benefit	Refund of Employee Contributions without interest.
c. Form of Benefit	Lump sum.

Deferred Retirement Option Program (DROP)

a. Eligibility	Completion of at least 6 years of Service and the attainment of age 55.
b. Benefit Amount	The participant's Accrued Normal or Early Retirement Pension calculated as of the beginning of the DROP period, accumulated annually with interest (whether positive or negative) and annual cost-of-living adjustments, as described above for the applicable Division A or B benefit, during the DROP period. Prior to each Plan Year, DROP Members elect to have interest accumulate annually during the DROP calculation period at either (i) a rate reflecting the Fund's net investment performance, as determined by the Board of Trustees, or (ii) a rate reflective of a low risk variable rate selected annually by the Board of Trustees, in its sole discretion, that minimizes exposure to market fluctuations. The Trustees are expected to select an actual, separate investment vehicle that will provide the return for option (ii).

c. Form of Benefit	When the DROP period ends (maximum 7 years), the employee must terminate employment. At that time, the accumulated DROP benefits will be distributed to the participant, or if deceased, such participant's designated beneficiary. In addition, the monthly annuity, including COLA adjustments, will continue to the participant as provided above.
d. Other Provisions	Employee Contributions are no longer collected and Continuous Service and Average Monthly Compensation are frozen as of the date of entry into DROP. A participant in DROP is no longer eligible for Disability Benefits. If the participant dies while in the DROP period, the balance of the DROP account will be paid to the designated beneficiary. If the participant has a joint and survivor annuity, the applicable portion will continue to the survivor, otherwise benefits will cease.
Ad Hoc Cost-of-Living Adjustment	Effective October 1, 1999, a single adjustment was made to the benefits being paid retirees or their beneficiaries who retired before January 1, 1975, from active service, equal to 1% per year, compounded annually from the date of retirement to January 1, 1999.
Officers	Elective officers, department heads and appointive officers shall also participate in the Plan in the same manner as permanent employees, except for special break-in-service rules explained in the statute.
Maximum Benefit	IRC Section 415 limits, as in effect prior to EGTRRA (i.e., based on a dollar limitation of $90,000 per year, indexed), apply as modified for governmental plans.

Plan Changes Since the Prior Year

The funding and financial accounting valuation does not reflect any plan changes.

Appendix C. Signed Addendums

CITY OF GAINESVILLE every path starts with passion FLORIDA

ADDENDUM NO. 1

Date: June 12, 2018

Bid Date: June 25, 2018 at 3:00 P.M. (Local Time)

Bid Name RFP for Actuarial Services for City of Gainesville General Employees' Pension Plan and the City of Gainesville Retiree Health Insurance Trust Fund

Bid No.: FPEN-180084-DH

NOTE: This Addendum has been issued only to the holders of record of the specifications.

The original Specifications remain in full force and effect except as revised by the following changes which shall take precedence over anything to the contrary:

1. Any questions shall be submitted in writing to the City of Gainesville Purchasing Division by 3:00 p.m. (local time), June 18, 2018. Questions may be submitted as follows:

   Email: holderds@cityofgainesville.org
   or
   Faxed (352) 334-3163
   Attention: Diane Holder

2. Please find attached:

   a) Copy of the black out period information (Financial Procedures Manual Section 41-423 Prohibition of lobbying in procurement matters)) distributed during mandatory pre-bid meeting.
   b) Exhibit A-October 1, 2016 Valuation Report-General Employees Retirement Plan
   c) Exhibit B-2015 Retiree Health Fund Valuation Report final 7-28-16
   d) Exhibit C-FY2017 General Employees' Pension GASB 67 Report
   e) Exhibit D-FY2017 General Employees' Pension GASB 68 Report
   f) Exhibit E-FY17 Retiree Health Insurance Fund GASB 45 and 74 Report Final

The following are answers/clarifications to questions received:

3. Question: Who is your current provide and can we get the latest copies of your valuation and GASB reports?

   Answer: Conduent currently provides actuarial services for the City of Gainesville General Employees' Pension Plan and the Retiree Health Insurance Trust Fund. Requested Reports attached.

4. Question: Why are you going out to bid?

   Answer: Original Agreement was with Xerox/Buck which was changed to Conduent in 2017. Now Conduent actuarial services business is being sold to H.I.G. Private Equity. Too many firm changes, and actuarial services team turnover.

5. Question: Are there any service issues with your current provider?
   Answer: No

6. Question: What fees do you currently pay for the services covered by the RFP?
   Answer:

General Employees' Pension Valuation Report	$28,500
General Employees' Pension GASB 67 & 68	$12,500
General Employees' Pension FL Chapter 112.664 Disclosure	$5,500
General Employees' Pension Benefit Calculation Review	$250
Retiree Health Fund Valuation Report/GASB 45	$25,500
Retiree Health Fund GASB 74 & 75	$5,500

7. Question: Can you provide the amount of the total fees paid to the current actuarial vendor in 2015, 2016 and 2017? Was the scope of that work the same as required in this RFP?
   Answer: Most recent/current fees have been provided. Scope of work is the same as required in RFP.

8. Question: Please identify a current actuarial vendor. How long has the current actuarial vendor served the City in that capacity?
   Answer: Prior to 2016, Actuarial Concepts was actuary for referenced City Plans for over 20 years. Through a 2016 RFP process, Xerox/Buck was hired as actuary. In 2017 Xerox/Buck became Conduent, who is current actuary.

9. Question: Is the current actuarial vendor allowed to bid on this assignment?
   Answer: Yes.

10. Question: Has the City been totally satisfied with the current vendor?
    Answer: Yes.

11. Question: Can you provide the copies of the most recent actuarial funding valuation report for Pension and OPEB plans and GASB disclosure reports (if prepared separately)?
    Answer: Previously provided.

12. Question: Will any preference be given to the bidder maintaining an office in the State of Florida?
    Answer: No.

13. Question: Is it mandatory that the successful bidder provides the similar services for public entities in the State of Florida?
    Answer: Preferred.

14. Question: How many live meetings will be required under the terms of the engagement and must be included into the total fees?
    Answer: 1

15. Question: Must our proposal cover all services listed in the RFP or will the City accept proposals only providing the requested GASB Reporting and Biannual Actuarial Valuation Reports Plan and the Retiree Health Insurance Trust Fund?
    Answer: Proposals should cover all services listed in RFP.

16. Question: Please provide the most recent Pension and OPEB actuarial reports and experience study
    Answer: See Attachments, No recent Experience Studies are available.

17. Question: Were any plan changes made since the last valuation reports?
    Answer: The assumed rate of return on investments was lowered from 8.10% in FY2016 to 8.0% in FY2017, and will be lowered to 7.9% in FY2018.

18. Question: Is the OPEB plan fully insured or self-insured?
    Answer: Self-Insured.

19. Question: What is the budget for services being requested in this RFP?
    Answer: The budget will be in line with previous fees paid for actuarial services, with adjustments made for fees quoted in the newly accepted proposal.

20. Question: How long has the current actuary been providing these services?
    Answer: See question #8.

21. Question: Is the current actuary invited to bid on this RFP?
    Answer: See #9

22. Question: Are you open to accepting mutually-agreeable contract terms, which include some limitation of liability on the work performed by the contracting actuarial firm? Also, are there any statutory requirements regarding limitation of liability of which we should be aware?
    Answer: The City will negotiate contract terms with the firm whose proposal is accepted. Limitations of liability are negotiable. There are no statutory requirements regarding limitations of liability.

23. Question: How many full time employees does the municipality currently have?
    Answer: See attached Actuarial Valuations

24. Question: How many retirees currently receiving healthcare benefits does the municipality have?
    Answer: See attached Actuarial Valuations

25. Question: Are you self-insured or fully-insured?
    Answer: Self-Insured

26. Question: Are there different types of plans (high-coverage, low-coverage, etc.) that retirees can choose from? Or is everyone covered by the same plan?
    Answer: The City offers one plan for retirees. When a retiree reaches age 65 Medicare eligibility, they can choose to enroll in a Medicare Supplement sponsored by the employer and billed to the employer. The City's contribution can be applied to the Medicare Supplement and Part D option or the City's Health Plan.

27. Question: Does the plan provide just health insurance, or do you provide dental, vision, life insurance, or any other type?
    Answer: Health Insurance only. There is a separate Group Life Insurance Policy for active employees that has a retiree classification. The retiree benefit reduces at retirement until it reaches a minimum benefit of $5000.

28. Question: Are there any other post-retirement benefits that need to be included in the valuation?
    Answer: No

29. Question: Will your valuation need to be broken out by different employee departments? If so, how many departments? (Note: this will most likely increase the cost of the valuation)
    Answer: No

30. Question: Does the City have a trust fund which post employments benefits are paid?
    Answer: Yes

31. Question: Subsidized post-employment life insurance is or not provided?
    Answer: Employer paid Life Insurance is provided for active employees - at retirement, the benefit is gradually reduced to $5000.

32. Question: Are there unit(s) for which costs and liabilities must be separately disclosed?
    Answer: No

33. Question: Does the municipality value life insurance?
    Answer: Employer paid Life Insurance program is not for of the Retiree health Insurance Trust Fund, and is not included in the actuarial valuation of that Fund.

ACKNOWLEDGMENT: Each Proposer shall acknowledge receipt of this Addendum No. 1 by his or her signature below, **and a copy of this Addendum to be returned with proposal.**

CERTIFICATION BY PROPOSER

The undersigned acknowledges receipt of this Addendum No. 1 and the Proposal submitted is in accordance with information, instructions, and stipulations set forth herein.

PROPOSER: Mark Meyer

BY: Mark Meyer BY [signature]

DATE: 06/20/2018

CITY OF GAINESVILLE — FINANCIAL SERVICES PROCEDURES MANUAL

41-423 **Prohibition of lobbying in procurement matters**

Except as expressly set forth in Resolution 060732, Section 10, during the black out period as defined herein no person may lobby, on behalf of a competing party in a particular procurement process, City Officials or employees except the purchasing division, the purchasing designated staff contact. Violation of this provision shall result in disqualification of the party on whose behalf the lobbying occurred.

Black out period means the period between the issue date which allows for immediate submittals to the City of Gainesville Purchasing Department for an invitation for bid or the request for proposal, or qualifications, or information, or the invitation to negotiate, as applicable, and the time the City Officials and Employee awards the contract.

Lobbying means when any natural person for compensation, seeks to influence the governmental decision making, to encourage the passage, defeat, or modification of any proposal, recommendation or decision by City Officials and Employees, except as authorized by procurement documents.

ADDENDUM NO. 2

CITY OF GAINESVILLE every path starts with passion FLORIDA

Date: June 19, 2018

Bid Date: June 25, 2018 at 3:00 P.M. (Local Time)

Bid Name RFP for Actuarial Services for City of Gainesville General Employees' Pension Plan and the City of Gainesville Retiree Health Insurance Trust Fund

Bid No.: FPEN-180084-DH

NOTE: This Addendum has been issued only to the holders of record of the specifications.

The original Specifications remain in full force and effect except as revised by the following changes which shall take precedence over anything to the contrary:

1. The deadline for questions was June 18, 2018.

2. Please find attached:

   a) Copy of the black out period information (Financial Procedures Manual Section 41-423 Prohibition of lobbying in procurement matters)) distributed during mandatory pre-bid meeting.

The following are answers/clarifications to questions received:

3. Question: Please provide the current contracted fees for each of the services outlined in the price proposal section of the RFP.
   Answer: See Addendum No. 1.

4. Question: Please provide a copy of the most recent actuarial valuation reports for each of the services requested (i.e., funding, GASB, 112.664)?
   Answer: See Addendum No. 1.

5. Question: For the Retiree Health Insurance Trust Fund, are the GASB 74/75 valuations prepared annually with updated census data and financial information or is the valuation bi-annual with a rollforward of results for interim years?
   Answer: The valuation is done bi-annually with a roll forward of results for interim years.

6. Question: Are there any service issues with your current actuarial provider?
   Answer: See Addendum No. 1.

7. Question: Are there any areas of concern that should be addressed in the proposal?
   Answer: If there is going to be a fee to perform an initial reproduction of the most recent actuarial valuation, state so clearly.

8. Question: Would the City entertain language that clarifies that the successful bidder may rely on the data provided by the City and is not responsible for data clean up or inaccurate data?
   Answer: The City is willing to discuss such language with the successful bidder, but some data reconciliation is expected.

9. Question: Would the City entertain language that sets out a limitation of liability on asserted negligence or breach of contract, without limiting gross negligence or willful misconduct, to a mutually agreed amount?
   Answer: The City is willing to discuss such language with the successful bidder.

10. Question: Would the City entertain language that clarifies that the indemnity is solely triggered when a claim from a non-party arises against the City that is due to the successful bidder's fault?
    Answer: The City is willing to discuss such language with the successful bidder.

11. Question: Would the City entertain language clarifying that the insurance carried is slightly edited?
    Answer: The City is willing discuss such language with the successful bidder.

12. Question: Would the City entertain a non-solicitation of employment clause that allows exceptions for non-targeted general job recruiting?
    Answer: The City is willing to discuss such language with the successful bidder.

13. Question: Please confirm whether the RFP includes services the successful bidder is expected to perform related to pension plan benefit calculation and/or administration system(s) maintained and operated by the City.
    Answer: The RFP specifies that the successful bidder is expected to perform pension benefit calculations, however there are no responsibilities related to the City's pension administration systems.

14. Question: Section 1 (C) Proposal Submission: This section asks that we submit the proposal on a CD or USB Flash Drive and that the electronic document should not be password protected or encrypted. It is Gallagher's policy to encrypt the CD or Flashdrive as a whole. Are we able to submit the flashdrive with a password included? Or can we submit an electronic copy via Sharefile or email?
    Answer: The City will accept a flashdrive with the password included.

15. Question: How will addenda be communicated?
    Answer: Addenda will be posted on Demandstar.

16. Question: Section III (A)(3) Format and Contents of Proposal – Price Proposal: Is the price proposal required to be submitted in a separate sealed envelope?
    Answer: The price proposal is not required to be submitted in a separate sealed envelope.

17. Question: Section III (B) Qualifications/Statement of Qualifications: Is the City looking for a complete client list or just a listing of our references?
    Answer: References are required. A representative list of public pension clients, including Florida public pension clients is preferred.

ACKNOWLEDGMENT: Each Proposer shall acknowledge receipt of this Addendum No. 2 by his or her signature below, **and a copy of this Addendum to be returned with proposal.**

CERTIFICATION BY PROPOSER

The undersigned acknowledges receipt of this Addendum No. 2 and the Proposal submitted is in accordance with information, instructions, and stipulations set forth herein.

PROPOSER: Mark Meyer

BY: Mark Meyer BY [signature]

DATE: 06/20/2018

CITY OF GAINESVILLE — FINANCIAL SERVICES PROCEDURES MANUAL

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