

PROFESSIONAL SERVICES CONTRACT BETWEEN
THE CITY OF HUNTINGTON BEACH AND
BARTEL ASSOCIATES, LLC
FOR
ACTUARY CONSULTING SERVICES

THIS AGREEMENT ("Agreement") is made and entered into by and between the City of Huntington Beach, a municipal corporation of the State of California, hereinafter referred to as "CITY," and Bartel Associates, a Limited Liability Corporation hereinafter referred to as "CONSULTANT."

WHEREAS, CITY desires to engage the services of a consultant to perform actuary services for the City's Supplemental Retirement and Retiree Medical Plans and to perform additional as needed actuarial services; and

Pursuant to documentation on file in the office of the City Clerk, the provisions of the Huntington Beach Municipal Code, Chapter 3.03, relating to procurement of professional service contracts have been complied with; and

CONSULTANT has been selected to perform these services,

NOW, THEREFORE, it is agreed by CITY and CONSULTANT as follows:

1. SCOPE OF SERVICES

CONSULTANT shall provide all services as described in **Exhibit "A,"** which is attached hereto and incorporated into this Agreement by this reference. These services shall sometimes hereinafter be referred to as the "PROJECT."

CONSULTANT hereby designates Mary Elizabeth Redding who shall represent it and be its sole contact and agent in all consultations with CITY during the performance of this Agreement.

2. CITY STAFF ASSISTANCE

CITY shall assign a staff coordinator to work directly with CONSULTANT in the performance of this Agreement.

3. TERM; TIME OF PERFORMANCE

Time is of the essence of this Agreement. The services of CONSULTANT are to commence on _____, 20____ (the "Commencement Date"). This Agreement shall automatically terminate three (3) years from the Commencement Date, unless extended or sooner terminated as provided herein. All tasks specified in **Exhibit "A"** shall be completed no later than three (3) years from the Commencement Date. The time for performance of the tasks identified in **Exhibit "A"** are generally to be shown in **Exhibit "A."** This schedule may be amended to benefit the PROJECT if mutually agreed to in writing by CITY and CONSULTANT.

In the event the Commencement Date precedes the Effective Date, CONSULTANT shall be bound by all terms and conditions as provided herein.

4. COMPENSATION

In consideration of the performance of the services described herein, CITY agrees to pay CONSULTANT on a time and materials basis at the rates specified in **Exhibit "B,"** which is attached hereto and incorporated by reference into this Agreement, a fee, including all costs and expenses, not to exceed One Hundred Twenty Two Thousand Dollars (\$122,200).

5. EXTRA WORK

In the event CITY requires additional services not included in **Exhibit "A"** or changes in the scope of services described in **Exhibit "A,"** CONSULTANT will undertake such work only after receiving written authorization from CITY. Additional compensation for such extra work shall be allowed only if the prior written approval of CITY is obtained.

6. METHOD OF PAYMENT

CONSULTANT shall be paid pursuant to the terms of **Exhibit "B."**

7. DISPOSITION OF PLANS, ESTIMATES AND OTHER DOCUMENTS

CONSULTANT agrees that title to all materials prepared hereunder, including, without limitation, all original drawings, designs, reports, both field and office notices, calculations, memoranda, letters and other documents, shall belong to CITY, and CONSULTANT shall turn these materials over to CITY upon expiration or termination of this Agreement or upon PROJECT completion, whichever shall occur first. These materials may be used by CITY as it sees fit.

8. HOLD HARMLESS

CONSULTANT hereby agrees to protect, defend, indemnify and hold harmless CITY, its officers, elected or appointed officials, employees, agents and volunteers from and against any and all claims, damages, losses, expenses, judgments, demands and defense costs (including, without limitation, costs and fees of litigation of every nature or liability of any kind or nature) arising out of or in connection with CONSULTANT's (or CONSULTANT's subcontractors, if any) negligent (or alleged negligent) performance of this Agreement or its failure to comply with any of its obligations contained in this Agreement by CONSULTANT, its officers, agents or employees except such loss or damage which was caused by the sole negligence or willful misconduct of CITY. CONSULTANT will conduct all defense at its sole cost and expense and CITY shall approve selection of CONSULTANT's counsel. This indemnity shall apply to all claims and liability regardless of whether any insurance policies are applicable. The policy limits do not act as limitation upon the amount of indemnification to be provided by CONSULTANT.

9. PROFESSIONAL LIABILITY INSURANCE

CONSULTANT shall obtain and furnish to CITY a professional liability insurance policy covering the work performed by it hereunder. This policy shall provide coverage for

CONSULTANT's professional liability in an amount not less than One Million Dollars (\$1,000,000.00) per occurrence and in the aggregate. The above-mentioned insurance shall not contain a self-insured retention without the express written consent of CITY; however an insurance policy "deductible" of Ten Thousand Dollars (\$10,000.00) or less is permitted. A claims-made policy shall be acceptable if the policy further provides that:

- A. The policy retroactive date coincides with or precedes the initiation of the scope of work (including subsequent policies purchased as renewals or replacements).
- B. CONSULTANT shall notify CITY of circumstances or incidents that might give rise to future claims.

CONSULTANT will make every effort to maintain similar insurance during the required extended period of coverage following PROJECT completion. If insurance is terminated for any reason, CONSULTANT agrees to purchase an extended reporting provision of at least two (2) years to report claims arising from work performed in connection with this Agreement.

If CONSULTANT fails or refuses to produce or maintain the insurance required by this section or fails or refuses to furnish the CITY with required proof that insurance has been procured and is in force and paid for, the CITY shall have the right, at the CITY's election, to forthwith terminate this Agreement. Such termination shall not effect Consultant's right to be paid for its time and materials expended prior to notification of termination. CONSULTANT waives the right to receive compensation and agrees to indemnify the CITY for any work performed prior to approval of insurance by the CITY.

10. CERTIFICATE OF INSURANCE

Prior to commencing performance of the work hereunder, CONSULTANT shall furnish to CITY a certificate of insurance subject to approval of the City Attorney evidencing the foregoing insurance coverage as required by this Agreement; the certificate shall:

- A. provide the name and policy number of each carrier and policy;
- B. state that the policy is currently in force; and
- C. shall promise that such policy shall not be suspended, voided or canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice; however, ten (10) days' prior written notice in the event of cancellation for nonpayment of premium.

CONSULTANT shall maintain the foregoing insurance coverage in force until the work under this Agreement is fully completed and accepted by CITY.

The requirement for carrying the foregoing insurance coverage shall not derogate from CONSULTANT's defense, hold harmless and indemnification obligations as set forth in this Agreement. CITY or its representative shall at all times have the right to demand the original or a copy of the policy of insurance. CONSULTANT shall pay, in a prompt and timely manner, the premiums on the insurance hereinabove required.

11. INDEPENDENT CONTRACTOR

CONSULTANT is, and shall be, acting at all times in the performance of this Agreement as an independent contractor herein and not as an employee of CITY. CONSULTANT shall secure at its own cost and expense, and be responsible for any and all payment of all taxes, social security, state disability insurance compensation, unemployment compensation and other payroll deductions for CONSULTANT and its officers, agents and employees and all business licenses, if any, in connection with the PROJECT and/or the services to be performed hereunder.

12. TERMINATION OF AGREEMENT

All work required hereunder shall be performed in a good and workmanlike manner. CITY may terminate CONSULTANT's services hereunder at any time with or without cause, and whether or not the PROJECT is fully complete. Any termination of this Agreement by CITY shall be made in writing, notice of which shall be delivered to CONSULTANT as provided herein. In the event of termination, all finished and unfinished documents, exhibits, report, and evidence shall, at the option of CITY, become its property and shall be promptly delivered to it by CONSULTANT.

13. ASSIGNMENT AND DELEGATION

This Agreement is a personal service contract and the work hereunder shall not be assigned, delegated or subcontracted by CONSULTANT to any other person or entity without the prior express written consent of CITY. If an assignment, delegation or subcontract is approved, all approved assignees, delegates and subconsultants must satisfy the insurance requirements as set forth in Sections 9 and 10 hereinabove.

14. COPYRIGHTS/PATENTS

CITY shall own all rights to any patent or copyright on any work, item or material produced as a result of this Agreement.

15. CITY EMPLOYEES AND OFFICIALS

CONSULTANT shall employ no CITY official nor any regular CITY employee in the work performed pursuant to this Agreement. No officer or employee of CITY shall have any financial interest in this Agreement in violation of the applicable provisions of the California Government Code.

16. NOTICES

Any notices, certificates, or other communications hereunder shall be given either by personal delivery to CONSULTANT's agent (as designated in Section 1 hereinabove) or to CITY as

the situation shall warrant, or by enclosing the same in a sealed envelope, postage prepaid, and depositing the same in the United States Postal Service, to the addresses specified below. CITY and CONSULTANT may designate different addresses to which subsequent notices, certificates or other communications will be sent by notifying the other party via personal delivery, a reputable overnight carrier or U. S. certified mail-return receipt requested:

TO CITY:

City of Huntington Beach
ATTN: Dahle Bulosan
2000 Main Street
Huntington Beach, CA 92648

TO CONSULTANT:

Bartel Associates, LLC
ATTN: Mary Elizabeth Redding
411 Borel Ave., Ste. 101
San Mateo, CA 94402

17. CONSENT

When CITY's consent/approval is required under this Agreement, its consent/approval for one transaction or event shall not be deemed to be a consent/approval to any subsequent occurrence of the same or any other transaction or event.

18. MODIFICATION

No waiver or modification of any language in this Agreement shall be valid unless in writing and duly executed by both parties.

19. SECTION HEADINGS

The titles, captions, section, paragraph and subject headings, and descriptive phrases at the beginning of the various sections in this Agreement are merely descriptive and are included solely for convenience of reference only and are not representative of matters included or excluded from such provisions, and do not interpret, define, limit or describe, or construe the intent of the parties or affect the construction or interpretation of any provision of this Agreement.

20. INTERPRETATION OF THIS AGREEMENT

The language of all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against any of the parties. If any provision of this Agreement is held by an arbitrator or court of competent jurisdiction to be unenforceable, void, illegal or invalid, such holding shall not invalidate or affect the remaining covenants and provisions of this Agreement. No covenant or provision shall be deemed dependent upon any other unless so expressly provided here. As used in this Agreement, the masculine or neuter gender and singular or plural number shall be deemed to include the other whenever the context so indicates or requires. Nothing contained herein shall be construed so as to require the commission of any act contrary to law, and wherever there is any conflict between any provision contained herein and any present or future statute, law, ordinance or regulation contrary to which the parties have no right to contract, then the latter shall prevail, and the provision of this Agreement which is hereby affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law.

21. DUPLICATE ORIGINAL

The original of this Agreement and one or more copies hereto have been prepared and signed in counterparts as duplicate originals, each of which so executed shall, irrespective of the date of its execution and delivery, be deemed an original. Each duplicate original shall be deemed an original instrument as against any party who has signed it.

22. IMMIGRATION

CONSULTANT shall be responsible for full compliance with the immigration and naturalization laws of the United States and shall, in particular, comply with the provisions of the United States Code regarding employment verification.

23. LEGAL SERVICES SUBCONTRACTING PROHIBITED

CONSULTANT and CITY agree that CITY is not liable for payment of any subcontractor work involving legal services, and that such legal services are expressly outside the scope of services contemplated hereunder. CONSULTANT understands that pursuant to *Huntington Beach City Charter* Section 309, the City Attorney is the exclusive legal counsel for CITY; and CITY shall not be liable for payment of any legal services expenses incurred by CONSULTANT.

24. ATTORNEY'S FEES

In the event suit is brought by either party to construe, interpret and/or enforce the terms and/or provisions of this Agreement or to secure the performance hereof, each party shall bear its own attorney's fees, such that the prevailing party shall not be entitled to recover its attorney's fees from the nonprevailing party.

25. SURVIVAL

Terms and conditions of this Agreement, which by their sense and context survive the expiration or termination of this Agreement, shall so survive.

26. GOVERNING LAW

This Agreement shall be governed and construed in accordance with the laws of the State of California.

27. SIGNATORIES

Each undersigned represents and warrants that its signature hereinbelow has the power, authority and right to bind their respective parties to each of the terms of this Agreement, and shall indemnify CITY fully for any injuries or damages to CITY in the event that such authority or power is not, in fact, held by the signatory or is withdrawn.

28. ENTIRETY

The parties acknowledge and agree that they are entering into this Agreement freely and voluntarily following extensive arm's length negotiation, and that each has had the opportunity to consult with legal counsel prior to executing this Agreement. The parties also acknowledge and agree that no representations, inducements, promises, agreements or warranties, oral or otherwise, have been made by that party or anyone acting on that party's behalf, which are not embodied in this Agreement, and that that party has not executed this Agreement in reliance on any representation, inducement, promise, agreement, warranty, fact or circumstance not expressly set forth in this Agreement. This Agreement, and the attached exhibits, contain the entire agreement between the parties respecting the subject matter of this Agreement, and supersede all prior understandings and agreements whether oral or in writing between the parties respecting the subject matter hereof.

29. EFFECTIVE DATE

This Agreement shall be effective on the date of its approval by the City Council.
This Agreement shall expire when terminated as provided herein.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by and through their authorized officers.

CONSULTANT,

Bartel Associates, LLC
COMPANY NAME

CITY OF HUNTINGTON BEACH, a
municipal corporation of the State of
California

By: Mary Elizabeth Redding 4/21/19
print name

ITS: (circle one) Chairman/President/Vice President

AND
By: Doug Pryor 4/24/19
print name

ITS: (circle one) Secretary/Chief Financial Officer/Asst.
Secretary - Treasurer

Mayor

City Clerk

INITIATED AND APPROVED:

Shirley

Director of Finance

REVIEWED AND APPROVED:

City Manager

APPROVED AS TO FORM:

City Attorney MM

CONSULTANT,

Bartel Associates, LLC

COMPANY NAME

CITY OF HUNTINGTON BEACH, a
municipal corporation of the State of
California

By: _____

print name

ITS: (circle one) Chairman/President/Vice President

AND

By: _____

print name

ITS: (circle one) Secretary/Chief Financial Officer/Asst.
Secretary - Treasurer

Mayor

City Clerk

INITIATED AND APPROVED:

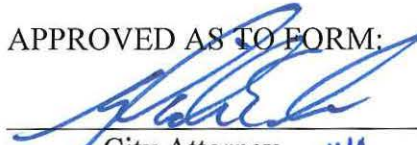


Director of Finance

REVIEWED AND APPROVED:

City Manager

APPROVED AS TO FORM:



City Attorney

EXHIBIT "A"

- A. STATEMENT OF WORK: (Narrative of work to be performed)
- B. CONSULTANT'S DUTIES AND RESPONSIBILITIES:
- C. CITY'S DUTIES AND RESPONSIBILITIES:
- D. WORK PROGRAM/PROJECT SCHEDULE:

Exhibit A
SECTION 1
BACKGROUND AND PROJECT SUMMARY

The City of Huntington Beach

The City of Huntington Beach is a general law City with a Council-Manager form of government. It is a full-service City, providing fire and police services, and employs approximately 1,000 people. Employee benefits include a CalPERS pension plan, retiree medical benefits, and a retirement Supplement plan.

Retiree Medical Plan

Employees who retire directly from the City under CalPERS with 10 or more years of full-time continuous City service or under an industrial disability retirement receive a City cash subsidy under the Retiree Medical Subsidy Program equal to \$121 per month with 10 years of City service at retirement, grading up to \$344 per month with 25 or more years of City service at retirement. The City cash subsidy is paid until the retiree and spouse reach age 65 or become eligible for Medicare. The subsidy amount has never been increased. New hires for some employee groups are not eligible for the cash subsidy benefit.

Miscellaneous employees who retire directly from the City under CalPERS can participate in the City's healthcare plans before age 65. Safety retirees who retire directly from the City under CalPERS can participate in the CalPERS healthcare program (PEMHCA) and receive a minimum cash subsidy for life equal to the PEMHCA minimum contribution using the 5% unequal method. The cash subsidy under the Retiree Medical Subsidy Program, if any, is offset by the PEMHCA minimum contribution.

The City had 886 active employees eligible for healthcare benefits and 245 retirees receiving healthcare benefits in 2017 as shown in the actuarial valuation report. The City is currently prefunding the plan through the California Employers' Retiree Benefit Trust (CERBT) Asset Strategy #2. The City has chosen to fund the OPEB liability quickly, amortizing the 9/30/2016 liability over a fixed 10-year period with gains and losses amortized over a fixed 10-year period.

Retirement Supplement Plan

The City participates in CalPERS providing Miscellaneous employees the 2.5%@55 benefit and Safety employees the 3%@50 benefit, with new members hired on or after January 1, 2013 receiving the required PEPRA formulas. The City provides a pension supplement equal to the difference between the CalPERS unmodified allowance and the optional form of benefit elected by the retiree for employees hired before 1998 (actual date differs by bargaining group) for the life of the retiree. There were 188 active employees and 704 retirees eligible for the Retirement Supplement Plan as of September 30, 2017 as shown in the actuarial valuation report.

The City is currently prefunding the plan through a Trust, and reports under GASBS 67 as a fiduciary fund in the City's CAFR. The City has chosen to fund the Retirement Supplement Plan liability quickly, contributing \$4 million directly in cash benefit payments until the unfunded liability is paid off.

SECTION 1

BACKGROUND AND PROJECT SUMMARY

The City has also established a separate Trust with PARS and has set aside additional funds restricted to providing pension and OPEB benefits.

Proposed Valuation Schedule

The City has requested “full valuations” as of 6/30/2019 and 2021. The 6/30/2019 valuation will develop recommended contributions for 20/21 and 21/22 and will be the basis for GASB reporting for fiscal years 19/20 and 20/21. The 2021 valuation will develop recommended contributions for 22/23 and 23/24.

The City has also requested interim “update valuations” which will be based on the 6/30/2019 valuations but will reflect updated asset information as of 6/30/2020 and will re-calculate recommended contributions for fiscal years 21/22 and 22/23.

The tables below outline the timing of the projects.

Retirement Supplement Plan					
Report Type	GASBS 67 & 68 Reporting Date	GASBS 68 Measurement Date	Date of Actuarial Valuation (Rollover Forward to Measurement Date)	Actuarially Determined Contribution FY	Final Report Due Date
GASBS 67 & 68 Full Valuation	6/30/2019	6/30/2019	9/30/2017	n/a	8/31/2019
GASBS 67 & 68 Update Valuation	n/a	n/a	6/30/2019	20/21 & 21/22	10/31/2019
GASBS 67 & 68 Full Valuation	6/30/2020	6/30/2020	6/30/2019	n/a	8/31/2020
GASBS 67 & 68 Update Valuation	n/a	n/a	6/30/2019	21/22 & 22/23	10/31/2020
GASBS 67 & 68 Full Valuation	6/30/2021	6/30/2021	6/30/2019	n/a	8/31/2021
GASBS 67 & 68 Update Valuation	n/a	n/a	6/30/2021	22/23 & 23/24	10/31/2021

Retiree Medical Plan					
Report Type	GASBS 75 Reporting Date	GASBS 75 Measurement Date	Date of Actuarial Valuation (Rollover Forward to Measurement Date)	Actuarially Determined Contribution FY	Final Report Due Date
GASBS 75 Full Valuation	6/30/2019	6/30/2018	6/30/2017	n/a	8/31/2019
GASBS 75 Update Valuation	n/a	n/a	6/30/2019	20/21 & 21/22	10/31/2019
GASBS 75 Full Valuation	6/30/2020	6/30/2019	6/30/2019	n/a	8/31/2020
GASBS 75 Update Valuation	n/a	n/a	6/30/2019	21/22 & 22/23	10/31/2020
GASBS 75 Full Valuation	6/30/2021	6/30/2020	6/30/2019	n/a	8/31/2021
GASBS 75 Update Valuation	n/a	n/a	6/30/2021	22/23 & 23/24	10/31/2021

SECTION 2

METHODOLOGY

Project Approach

The actuarial valuation process we propose for the City of Huntington Beach goes beyond reporting and disclosure and assists the City in developing an appropriate – for the City – funding policy for each plan, while also providing an understanding of GASB and CalPERS rules, actuarial methods and assumptions, and the financial statement impacts.

Our actuarial valuation process includes the following steps:

- Data Collection - For the Retiree Medical Plan, the City will provide documentation of plan provisions, City healthcare providers and premiums, contribution policy, asset information, and employee census information including individual plan and coverage elections. Census information will include Safety retirees over age 65 receiving the PEMHCA minimum benefit only. For the Retirement Supplement Plan, the City will provide the plan provisions, contribution policy, asset information, and employee census information including benefit payment information for retirees.
- Data Reconciliation - We will review the plans and participant data and provide a list of any questions.
- Methods & Assumptions - We will recommend the actuarial assumptions and funding methods with the City's input. We can meet with the City for an initial planning meeting to review the plan designs, participant data, actuarial assumptions, and funding methods at its request. We understand that the City may request information on alternative funding methods and assumptions.
- Implied Subsidy – In accordance with the updated Actuarial Standards of Practice No. 6, the Implied Subsidy will be included for all benefits in the retiree medical plan.
- Valuation Processing - We will prepare the actuarial valuations using ProVal software, a comprehensive and widely used and respected retirement benefit valuation system developed by Winklevoss Technologies, LLC.

Our procedures for quality control include the checking of computer programs and calculations by a second actuary and the review of results and presentation materials by senior actuaries. We keep client information secure by encrypting all files kept on our computers in addition to other data security procedures.

- Preliminary Results Meeting - We will meet with the City to review the preliminary valuation results for each full valuation. The presentation will be in a discussion outline format. The OPEB valuation will include a benchmark survey comparing the City's OPEB information with other agency OPEB plan studies prepared by Bartel Associates. This in-person meeting is designed to review all facets of the plans' design, operation, financial reporting and funding policy, including the actuarial methodology and calculations. This ensures that we are all "on the same page" so the valuation results accurately reflect the City's benefits and funding strategy.

SECTION 2

METHODOLOGY

- Valuation Report – Following the preliminary results meeting, we will make any agreed-upon changes to the valuations and produce a final, certified version of the discussion outline.
- CalPERS Certification - Since the City pre-funds its Retiree Medical Plan through CERBT, it will need to provide an actuarial certification, a funding policy certification, and an Excel spreadsheet containing valuation information to CalPERS in addition to a valuation report. We will prepare this information as part of the OPEB valuation process.

We strongly believe that through our years of experience we have developed an efficient and effective process for preparing and presenting actuarial valuations.

Implementation Plan and Client Satisfaction

Bartel Associates has performed the last 4 actuarial valuations, and we will use a similar process for the proposed valuations.

Projects of this type are managed through effective communication with client staff, to ensure that all required data is provided and that everyone understands exactly what data has been provided. We also work with you during the project to be sure all of our actuarial and financial assumptions are appropriate and meet your needs. For example, in the past we have analyzed alternate funding policies and actuarial assumptions. We will also be certain that the valuation schedule you select meets the City's and your auditor's needs. All decisions are documented in emails as well as in our preliminary and final reports. Finally, our preliminary results meeting discusses the valuations, its inputs and results in detail, to be sure all stakeholders are in agreement.

Actuarial Valuation Discussion Outline

Our actuarial valuation discussion outlines are clear, concise and understandable to non-actuaries. Our outlines for the full valuations include:

- Summary of plan provisions
- Detailed summary of the data used for the valuation
- Summary of actuarial methods and assumptions, including the City's funding policy
- Estimated gain/loss analysis showing the reasons for changes in the Actuarial Accrued Liability from the prior valuation
- Comparison of the City's OPEB costs and obligations with that of other agencies in our database for the OPEB valuation
- Actuarial liabilities, asset values and performance, and the unfunded liability
- Actuarially Determined Contribution (ADC), as a dollar amount and as a percentage of payroll, identifying:
 - Normal Cost
 - Amortization of the Unfunded Actuarial Accrued Liability

SECTION 2

METHODOLOGY

- A 10-year projection of the Actuarially Determined Contributions and "pay-as-you-go" costs. We can include a projection of benefit payments on a closed group basis for as many years as needed.

GASB Statements 67, 68, and 75

Our separate accounting reports will be issued annually and will include the following, which provide all of the required actuarial information to comply with the GASB statements:

- Total pension/OPEB liability, fiduciary net position, net pension/OPEB liability
- Reconciliation of net pension/OPEB liability
- Sensitivity of net pension/OPEB liability to changes in discount/medical trend rates
- Net pension/OPEB expense and details of calculation
- Deferred inflows/outflows of resources, including tracking of recognized and unrecognized amounts
- Comparison of Actuarially Determined Contribution to actual contributions
- Illustration of "crossover" test for discount rate selection
- Average expected future service period

Project Schedule

For the June 30, 2019 valuations our proposed work schedule is as follows:

Project Steps	Estimated Dates
1) The City provides complete and accurate participant data, plan and asset information to Bartel Associates.	September 1, 2019
2) Bartel associates responds to City with any questions regarding data	September 7, 2019
3) City responds to all data questions raised by Bartel Associates	September 15, 2019
4) Bartel Associates meets with the City to present preliminary valuation results	October 15, 2019
5) Bartel Associates provides final valuation results	October 31, 2019

We can complete the valuation within this timeframe if all the information requested is provided quickly and accurately.

City Staff

The City's staff will be responsible for gathering the information outlined in Section 6 of this proposal and be available on short notice to answer any questions we have after our review of the data provided. City staff should also be available for at least one meeting when we present preliminary valuation results.

SECTION 3

STAFFING

The project team that will be assigned to work with the City includes 4 actuaries and 1 analyst familiar with the City's retiree medical and retirement supplement benefits and who have worked with the City on the previous actuarial valuations:

- Mary Beth Redding – Role: Actuary.
 - Mary Beth is a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, a Fellow of the Conference of Actuaries, and an Enrolled Actuary. She has over 30 years of experience as a retirement consultant and has worked extensively for many years with pension and retiree healthcare plans.
 - Mary Beth will be the primary actuary and consultant. She will have overall responsibility for completion and accuracy of the actuarial valuations and reports including selection and appropriateness of cost method and assumptions.
- Katherine Moore – Role: Actuarial Assistance and Project Manager.
 - Katherine is an Associate of the Society of Actuaries and a Member of the American Academy of Actuaries with over 11 years of actuarial experience, all with Bartel Associates.
 - Katherine will manage the project workflow and assist with valuation process including preparation of actuarial valuation reports.
- Tina Liu – Role: Actuarial Assistance.
 - Tina is a Member of the American Academy of Actuaries, a Fellow of the Conference of Actuaries, and an Enrolled Actuary with over 15 years of actuarial experience.
 - Tina will provide assistance with census data analysis and manipulation, actuarial model coding and preparation of actuarial valuation results.
- Michelle Shen – Role: Actuarial Analyst.
 - Michelle is an actuarial analyst with 10 years of experience at Bartel Associates.
 - Michelle will provide assistance with census data analysis and manipulation, actuarial model coding and preparation of actuarial valuation results.
- John Bartel – Role: Resource.
 - John is an Associate of the Society of Actuaries, a Fellow of the Conference of Consulting Actuaries, and a Member of the American Academy of Actuaries. He has extensive public sector experience with OPEB and retirement consulting. He is also a member of the California Actuarial Advisory Panel. John was also a member of GASB's OPEB task force and assisted GASB in their updates.
 - As a Resource, John will be available to consult with the City.

SECTION 3

STAFFING

The actuaries assigned to the project team are qualified to undertake the project in accordance with the Code of Professional Conduct of the American Academy of Actuaries and the Society of Actuaries and to issue Statements of Actuarial Opinion in accordance with the Qualification Standards of the American Academy of Actuaries.

The project team may also include additional members of our actuarial analyst staff.

We agree that if named staff members assigned to this project are changed during the contract period we will submit the new team members names and qualifications to the City for approval before beginning work.

EXHIBIT "B"

Payment Schedule (Hourly Payment)

A. Hourly Rate

CONSULTANT'S fees for such services shall be based upon the following hourly rate and cost schedule:

Team Member	2019 Hourly Rate
Partner & Vice President (Redding)	\$ 290
Assistant Vice President	260
Associate Actuary (Liu, Moore)	210
Senior Actuarial Analyst	190
Actuarial Analyst (Shen)	155
Partner & President (Bartel)	330

The hourly rates for 2019 are stated above and will increase each year with inflation. Valuation fees will be charged in accordance with the schedules below, with hourly rates applying for projects outside the valuation scope.

Supplemental Retirement Plan

Report	GASB Reporting Date	Valuation Date	Final Report Due Date	Fees
GASBS 67 & 68	6/30/19	9/30/17	8/31/19	\$ 2,200
Full Valuation	n/a	6/30/19	10/31/19	13,500
GASBS 67 & 68	6/30/20	6/30/19	8/31/20	2,300
Update Valuation	n/a	6/30/19	10/31/20	2,300
GASBS 67 & 68	6/30/21	6/30/19	8/31/21	2,400
Full Valuation	n/a	6/30/21	10/31/21	14,200
Subtotal				36,900

Retiree Medical Plan

Report	GASB Reporting Date	Valuation Date	Final Report Due Date	Fees
GASBS 75	6/30/19	6/30/17	8/31/19	\$ 2,200
Full Valuation	n/a	6/30/19	10/31/19	22,500
GASBS 75	6/30/20	6/30/19	8/31/20	2,300
Update Valuation	n/a	6/30/19	10/31/20	2,300
GASBS 75	6/30/21	6/30/19	8/31/21	2,400
Full Valuation	n/a	6/30/21	10/31/21	23,600
Subtotal				55,300

Total				\$ 92,200
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As Needed Actuarial Analysis will be charged at the same hourly rate noted above. As Needed Actuarial Analysis will not exceed \$30,000 for the three year contract term.

The total not to exceed amount for the three-year contract term is **\$122,200**.

B. Travel. Charges for time during travel are not reimbursable

C. Billing

1. All billing shall be done monthly in fifteen (15) minute increments and matched to an appropriate breakdown of the time that was taken to perform that work and who performed it.
2. Each month's bill should include a total to date. That total should provide, at a glance, the total fees and costs incurred to date for the project.
3. A copy of memoranda, letters, reports, calculations and other documentation prepared by CONSULTANT may be required to be submitted to CITY to demonstrate progress toward completion of tasks. In the event CITY rejects or has comments on any such product, CITY shall identify specific requirements for satisfactory completion.
4. CONSULTANT shall submit to CITY an invoice for each monthly payment due. Such invoice shall:
 - A) Reference this Agreement;
 - B) Describe the services performed;
 - C) Show the total amount of the payment due;
 - D) Include a certification by a principal member of CONSULTANT's firm that the work has been performed in accordance with the provisions of this Agreement; and
 - E) For all payments include an estimate of the percentage of work completed.

Upon submission of any such invoice, if CITY is satisfied that CONSULTANT is making satisfactory progress toward completion of tasks in accordance with this Agreement, CITY shall approve the invoice, in which event payment shall be made within thirty (30) days of receipt of the invoice by CITY. Such approval shall not be unreasonably withheld. If CITY does not approve an invoice, CITY shall notify CONSULTANT in writing of the reasons for non-approval and the schedule of performance set forth in **Exhibit "A"** may at the option of CITY be suspended until the parties agree that past performance by CONSULTANT is in, or has been brought into compliance, or until this Agreement has expired or is terminated as provided herein.

5. Any billings for extra work or additional services authorized in advance and in writing by CITY shall be invoiced separately to CITY. Such invoice shall contain all of the information required above, and in addition shall list the hours expended and hourly rate charged for such time. Such invoices shall be approved by CITY if the work performed is in accordance with the extra work or additional services requested, and if CITY is satisfied that the statement of hours worked and costs incurred is accurate. Such approval shall not be unreasonably withheld. Any dispute between

the parties concerning payment of such an invoice shall be treated as separate and apart from the ongoing performance of the remainder of this Agreement.

PROFESSIONAL SERVICES CONTRACT BETWEEN
THE CITY OF HUNTINGTON BEACH AND
BARTEL ASSOCIATES, LLC
FOR
ACTUARY CONSULTING SERVICES

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