

**RESOLUTION No.09/10-56  
CITY OF DAYTON, OREGON**

*Title: A Resolution Authorizing the City Manager to Execute GASB 45 Actuarial Services Agreement*

**WHEREAS**, in 2007 the City authorized City County Insurance Services to conduct an analysis of Postemployment Benefits Other than Pension (OPEB) as required by GASB 45; and

**WHEREAS**, the final step of the process is to sign the GASB 45 Actuarial Services Agreement so that a statement of liability may be issued to the City;

**The City of Dayton resolves as follows:**

The City of Dayton hereby authorizes the City Manager to execute the GASB 45 Actuarial Services Agreement Attached as Exhibit A so that a statement may be issued that states Dayton has no OPEB liability under GASB 45.

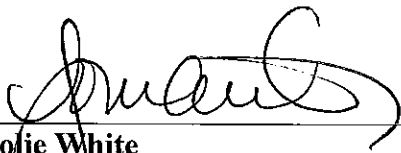
**ADOPTED** this 21<sup>ST</sup> day of June, 2010

**In Favor:** Dickson, Frank, White, Wytoski

**Opposed:** None

**Abstained:** None

**Absent:** Blackburn, Evers, Hensley

  
\_\_\_\_\_  
Jolie White  
Mayor

6/24/10  
\_\_\_\_\_  
Date of Signing

**ATTESTED BY:**

  
\_\_\_\_\_  
Peggy Selberg,  
City Recorder

6/21/10  
\_\_\_\_\_  
Date of Enactment

Exhibit A

## GASB 45 ACTUARIAL SERVICES AGREEMENT

This Agreement is entered into between City of Dayton ("Client") and City County Insurance Services ("CIS") as of 6/21/10. CIS has engaged Milliman, Inc. ("Milliman") to perform GASB 45 retiree health actuarial services for its members and qualifying non-members.

Client is a [member][non-member] of CIS for purposes of this agreement. .

Client hereby engages CIS to provide the services described in Schedule A, which is incorporated as part of this Agreement, and understands and agrees such services will be performed by Milliman pursuant to the terms of a Consulting Services Agreement between CIS and Milliman.

In consideration for receiving such services, Client agrees as follows:

1. Client will provide to CIS in a timely manner all required information about the non-CIS OPEB (Postemployment Benefits Other than Pension) benefits it provides to its employees and retirees; its retiree premium subsidies; and such other information necessary to accurately produce the OPEB valuation described in Schedule A. Requests for such information will be provided by CIS or Milliman to Client, and CIS in turn will transmit to Milliman in a timely manner the information provided by Client. To the extent possible, such information will be provided in the format requested by CIS, and will be complete and correct to avoid additional costs to Client for data clean-up. Upon receipt of all information necessary to provide the services described in Schedule A, and a signed copy of this contract, Milliman will provide for confirmation by Client, a standard set of assumptions upon which the valuations will be based. Standard assumptions include expected termination, mortality and retirement rates, as well as medical cost trends, age trending for expected claims, and investment rates of return. Development of customized assumptions may be requested but will incur additional costs.
2. Client acknowledges that CIS is obligated to pay Milliman for Services provided to Client under this Agreement. Client agrees to pay CIS the fees associated with the Services that are (a) incurred for evaluation of benefits that are not provided by CIS at the time of the valuation, and/or (b) incurred by Client on a time and expense basis, such as for additional actuarial studies, data clean-up, or for other Services requested by Client.

Fees under this agreement are listed in Schedule B.

CIS anticipates payment for Services in two installments. The first installment will be 50% of the estimated cost for Client, that will be invoiced based on CIS' understanding of Client's benefits in (2)(a) above, and is due upon signing of the contract. The second installment is due upon receipt of the invoice that will be issued upon completion of the Actuarial Report for Client. In addition, if any fees are incurred on behalf of Client on a time and expense basis, such fees will be invoiced and payable on a monthly basis.

CIS and Milliman reserve the right to stop work on behalf of Client if any invoice is unpaid after 30 days.

3. Client agrees to be bound by the following terms with respect to the services provided by Milliman:

A. **Limitation of Liability:** Client agrees that Milliman, its officers, directors, agents and employees, shall not be liable to Client, under any theory of law including negligence, tort, breach of contract or otherwise, for any damages resulting from, or alleged to have resulted from, the actuarial or consulting services provided pursuant to this contract in excess of \$50,000. In no event shall Milliman be liable for lost profits of the Client or any other type of incidental or consequential damages. The foregoing limitations shall not apply in the event of the intentional fraud or willful misconduct of Milliman, its officers, directors, agents, or employees.

B. **Disputes:**

(a) **Mediation.** In the event of any dispute between Client and CIS arising out of this Agreement, or any dispute arising out of or relating to the services provided by Milliman, if the parties in dispute cannot resolve the dispute among themselves, the parties agree first to try in good faith to settle the dispute voluntarily with the aid of an impartial mediator who will attempt to facilitate negotiations. A dispute will be submitted to mediation by written notice to the other party or parties. The mediator will be selected by agreement of the parties. If the parties cannot agree on a mediator, a mediator will be designated by the American Arbitration Association at the request of a party.

The mediation will be treated as a settlement discussion and therefore will be confidential. Any applicable statute of limitations will be tolled during the pendency of the mediation. Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

(b) **Arbitration.** If the dispute has not been resolved within 60 days after the written notice beginning the mediation process (or a longer period, if the parties agree to extend the mediation), the mediation will terminate, and the dispute will be resolved by final and binding arbitration under the Commercial Arbitration Rules of the American Arbitration Association. The arbitration will take place in Portland, Oregon before a panel of three arbitrators. Within 30 days of the commencement of the arbitration, each party shall designate in writing a single neutral and independent arbitrator. The two arbitrators designated by the parties shall then select a third arbitrator. The arbitrators will have a sufficient background in either employee benefits, actuarial science, or law to reasonably prepare them to decide a dispute. The arbitrators will have the authority to permit limited discovery, including depositions, prior to the arbitration hearing, and such discovery will be conducted consistent with the Federal Rules of Civil Procedure. The arbitrators will have no power or authority to award punitive or exemplary damages. The arbitrators may, in their discretion, award the cost of the arbitration, including reasonable attorney fees, to the prevailing party. Any award made may be confirmed in any court having jurisdiction. Any arbitration shall be confidential, and except as required by law, neither party may disclose the content or results of any arbitration hereunder without the prior written consent of the other parties, except that disclosure is permitted to a party's auditors and legal advisors. By mutual agreement of all parties to such dispute, the provisions of this sub-section ("Arbitration") may be waived or modified.

- C. Choice of Law: The construction, interpretation, and enforcement of the terms of this agreement shall be governed by the substantive contract law of the State of Oregon without regard to its conflict of laws provisions. In the event any provision of this agreement is unenforceable as a matter of law, the remaining provisions will stay in full force and effect.
- D. No Third Party Distribution: Milliman's work is prepared solely for the internal business use of Client and CIS. Except as required by law including any applicable public disclosure regulations, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit any third party recipient of its work product, even if Milliman consents to the release of its work product to such third party.

AGREED:

For Client:

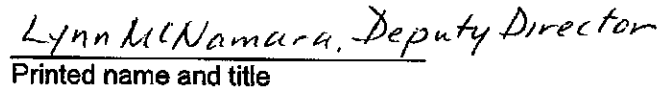
  
Authorized Signature

  
Printed name and title

Date:

For CIS:

  
Authorized Signature

  
Printed name and title

Date:

## **Schedule A - Services**

CIS will provide to Client a report prepared by Milliman, Inc. (Milliman) that will include information on the actuarial value of benefits (OPEB liability), GASB 45 accounting information including the Annual Required Contribution (ARC), annual Other Post Employment Benefits (OPEB) Cost, and Reconciliation of the Net OPEB Obligation (NOO). A ten-year payout projection, an ARC determined using an amortization period specified by Milliman, and general recommendations on managing the liability will be provided in the report.

The initial actuarial valuation will be performed as of August 1, 2006. This valuation will provide the July 1, 2007 - June 30, 2008 ARC. It will be the basis for the subsequent year's ARC, absent any significant changes to the Client's plan, and other required disclosure items.

An actuarial certification, including indication of compliance with Actuarial Standards of Practice No. 41 "Actuarial Communications" and American Academy of Actuaries "Prescribed Statement of Actuarial Opinion" will be provided.

The report to Client will be provided within 12 weeks of Milliman's receipt of data determined by Milliman to be sufficient to prepare the information described above.

The report to Client will not include valuation of any retiree benefits sponsored by Oregon PERS.

If any CIS Client participates in a community-rated product, for which their retirees pay the full cost, Milliman will provide a statement that the GASB 45 actuarial results are zero with regards to the information provided to CIS and Milliman..

### Schedule B - Fees

The following is the schedule of fees through June 30, 2007. Fees are subject to a cost-of-living increase annually thereafter based on the west region CPI-U for the preceding 12 months, plus one percent.

Item	Fee
Base fee for each Client providing a single retiree medical benefit option	\$700
First 100 covered participants*	\$15 per participant
Next 100 covered participants*	\$5 per participant
Participants* over 200	\$2 per participant
Fee for each additional retiree medical benefit option	\$200 + \$1 per participant
Fee for each additional post-employment benefit (Dental, Life Insurance, etc.)	\$200 + \$1 per participant
Additional fees for cities and counties that are members of LOC or AOC but do not participate in CIS Benefits	\$2,000 + \$1 per participant over first 100.
Additional fees for Milliman work with data that does not meet specifications	\$100 - \$150/hour, depending on services required
Additional fees for Milliman OPEB actuarial work requested by Client  (Milliman will provide a not-to-exceed fee estimate, if requested, once the scope of services is clearly defined.)	Lead Consultants: \$300 - \$400 per hour  Project Manager / Lead Technical Actuary: \$200 - \$300 per hour  Actuarial Staff: \$ 75 - \$200 per hour

\* Participants are active employees, retirees, and dependents who remain on the Client's plan after the retiree is no longer eligible.