

TO: James L. App, City Manager
FROM: Mike Compton, Director of Administrative Service
SUBJECT: Contract for Actuarial Services for GASB 43 & 45 Compliance
DATE: September 19, 2006

NEEDS: For the City Council to consider an agreement with Demsey, Filliger & Associates for actuarial services to implement Governmental Accounting Standards Board (GASB) Statements 43 and 45.

FACTS:

1. GASB Statements 43 and 45 require public agencies to report in their liability for Other Post Employment Benefits (OPEB). OPEB include compensation received after employment ends in exchange for employees' current service. City payments made to retired employees for health insurance coverage qualifies as OPEB.
2. GASB Statement 43 & 45 requires agencies to establish uniform financial reporting standards for OPEB Plans and include instructions for calculating expenses, liabilities, and supplementary information schedules (e.g. funding progress).
3. The City is required to implement said accounting changes and uniform financial reporting requirements by fiscal year beginning July 1, 2007.
4. Actuarial services are required to implement GASB 43 and 45. The City distributed a Request for Proposal (RFP) to fifteen firms and received seven responses. The proposals ranged from a low of \$4,600 to a high of \$12,000. Demsey, Filliger & Associates scope of study and work plan for the actuarial study appear most suitable. They propose a fee of \$7,000.
5. Demsey, Filliger & Associates, headquartered in Chatsworth, California, specializes in the group actuarial services, with a concentration of clients in the public sector. The firm has provided actuarial services in California for more than 30 years.

ANALYSIS &

CONCLUSION:

The new GASB standards require the City to measure and disclose the annual OPEB cost on the accrual basis of accounting. The annual cost is equal to the City's annual required contribution plus an amount to amortize the total (future) unfunded actuarial accrued liability over a period not exceeding 30 years. Actuarial evaluations are required at least every two years for employers with 200 or more employees or every three years if less than 200 employees.

The decision facing the City is whether or not the total unfunded actuarial accrued liability should be fully funded. Fully funding the OPEB liability is consistent with current policy that provides for full funding of the City's PERS retirement liability (on an amortized basis) and set-asides for equipment replacement. Advantages of funding the liability include:

1. Added security that the City will be able to pay its contractual obligation going forward; and
2. Ability to use higher discount rate to value liabilities will result in lower actuarial liability and expense calculations.

Preparation of the next two year budget/four year financial plan will begin in the fall. Determining the OPEB liability prior to the development of the next budget is critically important.

POLICY

REFERENCE: Purchasing and Payment Procedures Manual, Section 6.0

FISCAL

IMPACT: City Council approved Resolution 06-070 on May 2, 2006 appropriating \$10,000 to determine the future accrued liability and to comply with GASB 43 and 45 in order to maintain sound financial planning and practices.

OPTIONS:

- a. Adopt Resolution No. 06-xxx authorizing Administrative Services to contract with Demsey, Filliger & Associates to provide actuarial services to implement GASB 43 and 45 Standards; or
- b. Amend, modify or reject above option.

RESOLUTION NO. 06-xxx

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
AUTHORIZING A CONTRACT WITH DEMSEY, FILLIGER & ASSOCIATES TO PROVIDE
ACTUARIAL SERVICES IN ORDER TO COMPLY WITH
GOVERNMENTAL ACCOUNTING STANDARDS BOARD STANDARDS 43 AND 45

WHEREAS, the Governmental Accounting Standards Board (GASB) recently adopted Statements 43 and 45; and

WHEREAS, these Statements establish uniform financial reporting standards for public agencies which provide "Other Post Employment Benefits" (OPEB) Plans; and

WHEREAS, these Statements also require public agencies to report in their comprehensive annual financial report (CAFR) their liability for OPEB; and

WHEREAS, the City recognizes the importance of complying with Governmental Accounting Standards Board Statements 43 and 45 as it provides full disclosure of the City's financial condition and improves long-range financial planning; and

WHEREAS, City needs to determine the accrued liability for OPEB consistent with GASB 43 and 45 in order to prepare the next two year budget/four year financial plan this upcoming fall; and

WHEREAS, Demsey, Filliger & Associates submitted a proposal for actuarial services and will provide a detailed report setting forth all City liabilities of the post-retirement health benefit program for GASB 43 and 45 compliance with demonstrated success; and

WHEREAS, Demsey, Filliger & Associates specializes in the delivery of high quality group actuarial services to a wide range of clients with a concentration in the public sector. The firm has provided actuarial services in California for more than 30 years; and

WHEREAS, Demsy, Filliger & Associates was selected based on their scope of study, work plan, and fixed fee of \$7,000.

THEREFORE, BE IT HEREBY RESOLVED that the City Council of the City of El Paso de Robles authorizes the Director of Administrative Services to contract with Demsey, Filliger & Associates for actuarial services in the amount of \$7,000 as provided in their proposal.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 19th day of September 2006 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Frank R. Mecham, Mayor

ATTEST:

Deborah Robinson, Deputy City Clerk

CONSULTANT'S SERVICES AGREEMENT

THIS AGREEMENT, made this 20th day of September, 2006, by and between the CITY OF PASO ROBLES, California (hereinafter referred to as "CITY"), and Demsey, Filliger & Associates (hereinafter referred to as "CONSULTANT").

WHEREAS, CITY desires to retain a qualified individual, firm or business entity to provide actuarial services to the City; and

WHEREAS, CITY desires to engage CONSULTANT to provide services by reason of its qualifications and experience for performing such services, and CONSULTANT has offered to provide the required services on the terms and in the manner set forth herein.

NOW, THEREFORE, in consideration of their mutual covenants, the parties hereto agree as follows:

1. CONTRACT COORDINATION

- a. CITY. The Director of Administrative Services shall be the representative of CITY for all purposes under this Agreement. The Director, or his designated representative, hereby is designated as the Contract Manager for the CITY. He shall supervise the progress and execution of this Agreement.
- b. CONSULTANT. CONSULTANT shall assign a single Contract Manager to have overall responsibility for the progress and execution of this Agreement for CONSULTANT. T. Louis Filliger is hereby designated as the Contract Manager for CONSULTANT. Should circumstances or conditions subsequent to the execution of this Agreement require a substitute Contract Manager for any reason, the Contract Manager designee shall be subject to the prior written acceptance and approval of the CITY's Contract Manager.

2. DUTIES OF CONSULTANT

- a. Services to be furnished. CONSULTANT shall provide all specified actuarial services as set forth in the attached Exhibit "A".
- b. Laws to be observed. CONSULTANT shall:
 - (1) Procure all permits and licenses, pay all charges and fees, and give all notices which may be necessary and incidental to the due and lawful prosecution of the services to be performed by CONSULTANT under this Agreement;
 - (2) Keep itself fully informed of all existing and proposed federal, state and local laws, ordinances, regulations, orders, and decrees which may affect those engaged or employed under this Agreement, any materials used in CONSULTANT's performance under this Agreement, or the conduct of the services under this Agreement;

- (3) At all times observe and comply with and cause all of its employees to observe and comply with all said laws, ordinances, regulations, orders, and decrees mentioned above.
 - (4) Immediately report to the CITY's Contract Manager in writing any discrepancy or inconsistency it discovers in said laws, ordinances, regulations, orders, and decrees mentioned above in relation to any plans, drawings, specifications, or provisions of this Agreement.
- c. Release of reports and information. Any video tape, reports, information, data, or other material given to, or prepared or assembled by CONSULTANT under this Agreement shall be the property of CITY and shall not be made available to any individual or organization by CONSULTANT without the prior written approval of the CITY's Contract Manager.
 - d. Copies of video tapes, reports and information. If CITY requests additional copies of video tapes, reports, drawings, specifications, or any other material in addition to what the CONSULTANT is required to furnish in limited quantities as part of the services under this Agreement, CONSULTANT shall provide such additional copies as are requested, and CITY shall compensate CONSULTANT for the costs of duplicating of such copies at CONSULTANT's direct expense.
 - e. Qualification of CONSULTANT. CONSULTANT represents that it is qualified to furnish the services described under this Agreement.

3. DUTIES OF CITY

CITY agrees to cooperate with CONSULTANT and to perform that work described in Exhibit "A" attached hereto and incorporated by this reference. Consultant will inform City staff of the necessary data for the project. Consultant will presume that all data provided by the City is correct and complete. There will be no Consultant liability for insufficient data or data not provided in a timely fashion.

The City and Consultant agree that Consultant requested data must be provided by City staff within four (4) weeks of the request. Data not received within this timeframe will not be considered to be provided in a timely fashion.

4. COMPENSATION – Actuarial Services

The CONSULTANT will perform the work as described in Exhibit "A" per the Request for Proposals dated July 11, 2006 and shall be paid a fixed fee of seven thousand dollars (\$7,000) for all services provided in Exhibit "A".

5. TIME FOR COMPLETION OF THE WORK

Draft report shall be submitted to Contract Manager on or before December 1, 2006. Final report shall be submitted on or before December 22, 2006. Final report shall be presented to the City Council at a regular scheduled meeting at the option of the Contract Manager. The December 1 and December 22 deadlines will each be postponed by an equal number of business days after Monday, October 18, if any, by which CONSULTANT is first provided with all necessary data for the valuation, except as otherwise agreed upon in advance by the CONSULTANT and the CITY.

6. TEMPORARY SUSPENSION

The CITY's Contract Manager shall have the authority to suspend this Agreement wholly or in part, for such period as he deems necessary due to unfavorable conditions or to the failure on the part of the CONSULTANT to perform any provision of this Agreement. CONSULTANT will be paid the compensation due and payable to the date of temporary suspension.

7. SUSPENSION: TERMINATION

- a. Right to suspend or terminate. The CITY reserves the right to terminate this Agreement for any reason by notifying CONSULTANT in writing seven (7) days prior to termination and by paying the compensation due and payable to the date of termination; provided, however, if this Agreement is terminated for fault of CONSULTANT, CITY shall be obligated to compensate CONSULTANT only for that portion of CONSULTANT services which are of benefit to CITY. Said compensation is to be arrived at by mutual Agreement of the CITY and CONSULTANT and should they fail to agree, then an independent arbitrator is to be appointed and his decision shall be binding upon the parties.
- b. Return of materials. Upon such termination, CONSULTANT shall turn over to the CITY immediately any and all copies of videotapes, studies, sketches, drawings, computations, and other data, whether or not completed, prepared by CONSULTANT, and for which CONSULTANT has received reasonable compensation, or given to CONSULTANT in connection with this Agreement. Such materials shall become the permanent property of CITY. CONSULTANT, however, shall not be liable for CITY's use of incomplete materials or for CITY's use of complete documents if used for other than the project or scope of services contemplated by this Agreement.

8. INSPECTION

CONSULTANT shall furnish CITY with every reasonable opportunity for CITY to ascertain that the services of CONSULTANT are being performed in accordance with the requirements and intentions of this Agreement. All work done and all materials furnished, if any, shall be subject to the CITY's Contract Manager's inspection and approval. The inspection of such work shall not relieve CONSULTANT of any of its obligations to fulfill its Agreement as prescribed.

9. OWNERSHIP OF MATERIALS

CONTRACTOR understands and agrees that all financial results, exhibits, and reports produced under this Agreement are confidential in nature, and may not be used or distributed in whole or in part without the CITY's express written permission. CONTRACTOR shall have the right to retain, for its records, a copy of all printed and electronic files used in this agreement.

10. ASSIGNMENT: SUBCONTRACTORS: EMPLOYEES

This Agreement is for the performance of actuarial services of the CONSULTANT and is not assignable by the CONSULTANT without prior consent of the CITY in writing. The CONSULTANT may employ other specialists to perform services as required with prior approval by the CITY.

11. NOTICES

All notices herein under shall be given in writing and mailed, postage prepaid, by Certified Mail, addressed as follows:

CITY: Michael Compton
Director of Administrative Services
City of Paso Robles
1000 Spring Street
Paso Robles, Ca. 93446
(805) 237-3999
(805) 237-6565 FAX
mcompton@prcity.com

CONSULTANT: T. Louis Filliger, FSA
Partner & Actuary
Demsey, Filliger & Associates
21006 Devonshire, Suite 205
Chatsworth, CA 91311-2386
(818) 718-1266
(760) 875-7133 FAX
lfilliger@demseyfilliger.com

12. INTEREST OF CONSULTANT

CONSULTANT covenants that it presently has no interest, and shall not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the services hereunder. CONSULTANT further covenants that, in the performance of this Agreement, no sub-contractor or person having such an interest shall be employed. CONSULTANT certifies that no one who has or will have any financial interest under this Agreement is an officer or employee of CITY. It is expressly agreed that, in the performance of the services hereunder, CONSULTANT shall at all times be deemed an independent contractor and not an agent or employee of CITY.

13. INDEMNITY

CONSULTANT hereby agrees to indemnify and save harmless CITY, its officers, agents and employees of and from:

- a. Any and all claims and demands which may be made against CITY, its officers, agents, or employees by reason of any injury or death of or damage to any person or corporation caused by any negligent act or omission of CONSULTANT under this Agreement or of CONSULTANT's employees or agents;
- b. Any and all damage to or destruction of the property of CITY, its officers, agents or employees occupied or used by or in the care custody, or control of CONSULTANT, or in proximity to the site of CONSULTANT's work, caused by any negligent act or omission of CONSULTANT under this Agreement or of CONSULTANT's employees or agents;
- c. Any and all claims and demands which may be made against CITY, its officers, agents, or employees by reason of any injury to or death of or damage suffered or sustained by any employee or agent of CONSULTANT under this Agreement, however caused, excepting, however, any such claims and demands which are the result of the sole negligence or willful misconduct if CITY, its officers, agents, or employees;
- d. Any and all claims and demands which may be made against CITY, its officers, agents, or employees by reason of any infringement or alleged infringement of any patent rights or copyrights or claims caused by the use of apparatus, appliance, or materials produced or furnished by CONSULTANT under this Agreement; and
- e. Any and all penalties imposed or damages sought on account of the violation of any law or regulation or if any term or condition of any permit, when said violation of any law or regulation or of any term or condition of any permit is due to negligence on the part of the CONSULTANT.
- f. CONSULTANT, at its own cost, expense, and risk, shall defend CITY from any and all claims, demands, suits, actions, or other legal

proceedings, including those to enforce any penalty that may be brought against CITY, its officers, agents or employees, and pay and satisfy any judgment or decree that may be rendered against CITY, its officers, agents, or employees in any such suit, action or other legal proceeding, when same were due to negligence of the CONSULTANT.

14. WORKERS COMPENSATION

CONSULTANT certifies that it is aware of the provisions of the Labor Code of the State of California, which require every employer to be insured against liability for workers compensation or to undertake self-insurance in accordance with the provisions of that code, and it certified that it will comply with such provisions before commencing the performance of the work of this Agreement.

15. INSURANCE

- a. At the request of the CITY, CONSULTANT shall provide proof of comprehensive general liability insurance (\$500,000) (including automobile) satisfactory to the CITY.
- b. CONSULTANT shall provide proof of special insurance of the types (such as “errors and omissions” or professional liability) and in the amounts as may be set forth on Exhibit “A”.

16. AGREEMENT BINDING

The terms, covenants, and conditions of this Agreement shall apply to, and shall bind, the heirs, successors, executors, administrators, assigns, and subcontractors of both parties.

17. WAIVERS

The waiver by either party of any breach or violation of any term, covenant, or condition of this Agreement or of any provision, ordinance, or law shall not be deemed to be a waiver of any subsequent breach or violation of the same or of any other term, covenant, condition, ordinance, or law. The subsequent acceptance by either party of any fee or other money which may become due hereunder shall not be deemed to be a waiver of any term, covenant, or condition of this Agreement or of any applicable law or ordinance.

18. COSTS AND ATTORNEY’S FEES

The prevailing party in any action between the parties to this Agreement brought to enforce the terms of this Agreement or arising out of this Agreement may recover its reasonable costs and attorney’s fees expended in connection with such an action from the other party.

19. DISCRIMINATION

No discrimination shall be made in the employment of persons under this Agreement because of the race, color, national origin, ancestry, religion or sex of such person.

If CONSULTANT is found in violation of the nondiscrimination provisions of the State of California Fair Employment Practices Act or similar provisions of federal law or executive order in the performance of this Agreement, it shall thereby be found in material breach of this Agreement. Thereupon, CITY shall have the power to cancel or suspend payable to CONSULTANT the sum of Twenty-five Dollars (\$25) for each person for each calendar day during which such person was discriminated against, as damages for said breach of contract, or both. Only a finding of the State of California Fair Employment Practices Commission or the equivalent federal agency or officer shall constitute evidence of a violation of contract under this paragraph.

If CONSULTANT is found in violation of the nondiscriminatory provisions of this Agreement or the applicable affirmative action guidelines pertaining to this Agreement, CONSULTANT shall be found in material breach of the Agreement. Thereupon, CITY shall have the power to cancel or suspend this Agreement, in whole or in part, or to deduct from the amount payable to CONSULTANT the sum of Two Hundred fifty Dollars (\$250) for each calendar day during which CONSULTANT is found to have been in such noncompliance as damages for said breach or contract, or both.

20. AGREEMENT CONTAINS ALL UNDERSTANDINGS

This document (including all exhibits referred to above and attached hereto) represents the entire and integrated Agreement between CITY and CONSULTANT and supersedes all prior negotiations, representations, or Agreements, either written or oral. This document may be amended only by written instrument, signed by both CITY and CONSULTANT. All provisions of this Agreement are expressly made conditions. This Agreement shall be governed by the laws of the State of California.

IN WITNESS WHEREOF, CITY and CONSULTANT have executed this Agreement the day and year first above written.

Company Name	CITY OF PASO ROBLES
Demsey, Filliger & Associates	Director of Administrative Services
By _____ T. Louis Filliger	By _____ Michael J. Compton

EXHIBIT "A"

RFP for Actuarial Services for Other Post-Employment Benefits



RECEIVED

JUL 28 2006

ADMINISTRATIVE SERVICES

July 26, 2006

Mr. Michael Compton
Director of Administrative Services
City of Paso Robles Administrative Services Department
1000 Spring Street
Paso Robles, CA 93446

Re: RFP for Other Post-Employment Benefits

Dear Mr. Compton:

Thank you very much for the opportunity to respond to the proposal to provide actuarial services to the City of Paso Robles. This letter is in response to your request.

We are able to develop the actuarial information associated with the post-employment benefits provided to retirees by the City of Paso Robles. This information, described in Section III, Scope of Services, will be contained in a written report and we will be available to meet with City staff, City officials and external auditors to discuss the report.

We are able to meet all of the criteria listed in Section VI, Insurance Requirements, of the RFP.

We would be very pleased to be awarded this assignment, and I personally look forward to establishing a long-term consulting relationship with the City. Please feel free to call me at (818) 718-1266 if you have any questions concerning this proposal.

Sincerely,
DEMSEY, FILLIGER & ASSOCIATES

A handwritten signature in cursive script that reads 'T. Louis Filliger'.

T. Louis Filliger, FSA
Partner & Actuary

Background

The City provides postretirement healthcare coverage on behalf of its eligible retirees and dependents. The City has approximately 166 active employees, as well approximately a dozen retirees and survivors in benefit status.

The City pays up to \$500/month towards the cost of health insurance for its eligible retirees. Benefits are provided through either the City plan or through coverage secured by the retiree and reimbursed by the City. In order to be eligible to retire with City-paid benefits, an employee must be at least age 50 and have at least 10 years of service with the City. Benefits end at age 65.

The Government Accounting Standards Board (GASB) recently issued its final accrual accounting statement regarding postemployment benefits other than pensions (GASB 45), and the City wishes to obtain an estimate of its liability under GASB 45.

Furthermore, if the City has a trust fund set aside to pre-fund future benefits for its retirees, the fund will be subject to the recently issued GASB 43, pertaining to disclosures of trust funds used to pre-fund retiree health and other postemployment benefits (OPEB).

The proposed actuarial report would satisfy both requirements.

Profile of Demsey, Filliger & Associates

With corporate headquarters in Chatsworth, California, Demsey, Filliger & Associates specializes in the delivery of high quality group actuarial services to a wide range of clients, with a concentration in the public sector, including California cities, counties, and school Districts. T. Louis Filliger, FSA, one of the firm's partners, has provided consulting services for hundreds of public employers throughout California over the last 10 years. A list of references is attached in Exhibit II - please feel free to contact any of the names on the list.

We invite you to visit our website at www.demseyfilliger.com for more information about our firm. Please see our article entitled "So you need a GASB 45 valuation?" for more background about the valuation process.

The firm and its principals have provided actuarial services in California for more than 30 years. We have the human and financial resources to meet the present needs of our clients as well as the ability to serve as fast growing client list.

We perform all of our work without reliance upon other firms or contractors.

We have never been a party to any kind of litigation.

Qualifications of Demsey, Filliger & Associates

Our staff is comprised of actuaries that possess the requisite training, education and certification of the major actuarial bodies. The OPEB studies completed in the past 12 months (more than 100) touch all of the bases as outlined in your Scope of Services. We performed all of the work and encourage you to contact references shown in Exhibit II of this response.

We have delivered our services and reports all within budget and the timeframes required by our clients.

Scope of Study

We would provide the City with a report as of July 1, 2006, setting forth all City liabilities of the postretirement health benefit program, including a 50-year projection of City expenditures under the plan. Our report would contain the following information:

1. Disclosure of the postretirement benefit obligations and Annual Required Contributions (ARC) in accordance with the recently issued GASB Other Postemployment Benefits (OPEB) accounting standard (GASB 45);
2. Disclosures for the trust funds as may be required by GASB 43;
3. An analysis and explanation of the various funding strategies that might be considered for funding the cost of benefits associated with past service and strategies for reducing the cost of the benefit going forward;
4. The required annual total contribution amounts under the various funding strategies utilizing different amortization periods (20, 25, and 30 years);
5. For each valuation, a breakdown of the annual contribution amount into the following components:
 - Normal contribution amount
 - Past service amount
 - All other unfunded liabilities
 - Interest earning component on contribution amounts
6. A schedule for each valuation indicating the projected number of retirees for each of the next 30 years based on the current pools of retirees and active, with the projected benefits payable.
7. Summary of plan provisions, actuarial assumptions and certifications
8. Discuss administrative draft of the report with City personnel at City location.
9. Present final report at regularly scheduled City Council meeting.

Work Plan

Our approach ensures quality and provides a solid foundation for future years' valuations. We would:

- Conduct initial discussions with the City to develop an in-depth understanding of its postretirement healthcare plan. We would learn about data availability and management information systems, and any issues the City would like us to address during the review.
- Submit a written data request to the City.
- Gather and compile data provided by the City, and review the data for reasonableness. Anomalies (if any) would be identified and clarified as appropriate.
- Derive a set of proposed actuarial assumptions for use in the valuation, prepare the "Actuarial Assumptions" and "Benefit Plan Provisions" sections of the report, and send to the City for review and approval before proceeding.
- Perform a comprehensive actuarial valuation of the plan. Our work would be in compliance with GASB 45/43 statements and other applicable actuarial and accounting standards. The analysis would be based on the City's own data to the greatest extent credible.
- Summarize the valuation results into exhibits that will become part of the draft report.
- Recommend at least three alternative contribution patterns designed to pre-fund future retiree benefits.
- Prepare a draft report, containing our conclusions and recommendations. The report would be consistent with GASB 45, GASB 43, and other applicable standards.
- Discuss the draft report with representatives of the City.
- Incorporate any required changes into the draft, and issue a final report.
- At the City's option, make an on-site presentation to the City's representatives to discuss and explain results.

DF&A understands the importance of communication. We would be in close contact with the City throughout all phases of the project, so that by the time the report is generated, there are no surprises and there is already a good level of understanding as to what the report will contain. Work would begin promptly upon receipt of data. A draft report will be available within 4-6 weeks of receipt of all necessary data in valid, electronic format.

▪ **Fees and Project Team**

Our flat fee for the GASB 45 actuarial valuation would be \$7,000, and is all-inclusive based on the scope of the project outlined above. No other expenses would be charged to the project. These fees are loosely based on the hourly rates of the team and an estimate of the time required to complete the assignment. The hourly rates on which the estimate is based are \$250 per hour for Lou Filliger and \$125 per hour for Gary Kasper.

The \$7,000 includes the cost of one on-site presentation of the report. If the City later decides that additional presentations are required, they will be quoted and billed separately from the report itself, but can be expected to be approximately \$1,000 per on-site meeting including all direct expenses. Our draft report would be available within 3-4 weeks of receipt of all requested data (faster turnaround may be available upon request.)

A project team headed by T. Louis Filliger, FSA, will be responsible for performing the requested services. Mr. Filliger will be assisted by Gary Kasper, Assistant Actuary. Exhibit I, attached, contains brief biographies of the project team highlighting the qualifications.

Biographies

T. Louis Filliger, F.S.A., E.A., M.A.A.A.- Partner & Actuary

Mr. Filliger specializes in the design and valuation of other post-employment benefits (OPEB), primarily retiree medical programs, for both public and private sector clients. He has developed and continuously modernized DF&A's valuation system used to perform FAS 106 and GASB 45 calculations, has testified as an expert witness on retiree healthcare issues, and has performed hundreds of retiree healthcare valuations and design studies. He also provides the actuarial valuations and certifications required for school districts' health and welfare plans under California Education Code sections 17566(e) and the now-repealed 42140.

Mr. Filliger is a mathematics graduate of the University of Michigan, has been an Enrolled Actuary under ERISA since 1984, and became a Fellow of the Society of Actuaries in 1988. He is also a Member of the American Academy of Actuaries. He has over 28 years of combined actuarial experience in the insurance and pension industries.

Clients for which Mr. Filliger has performed consulting services include the Cities of Palm Desert, Indio, Lincoln, La Mirada, Woodland, Santa Ana, and Merced, California, Los Angeles Unified School District, Los Angeles Community College District, the Self-Insured Schools of California, the East Bay Self-Insured Group, Butte County Office of Education, Tulare County Office of Education, Butte Self-Insured Schools, Red Bluff Joint Union High School District, Konocti Unified School District, the Cities of Henderson and Elko, Nevada, City of Las Cruces, New Mexico, and the State of Maine.

Gary A. Kasper, E. A. – Assistant Actuary

Mr. Kasper is responsible for actuarial services and related retiree medical programs. He graduated with a Bachelor's degree in from North Carolina State University. He is an Enrolled Actuary under ERISA and a Member of the American Academy of Actuaries. He has over 17 years of combined actuarial experience in the pension and retiree medical industries.

He participates in all phases of the practice, including data collection and manipulation, programming in Visual Basic, selection and implementation of actuarial assumptions, report writing, and client interface.

References

Below is a partial list of cities and other agencies for which DF&A has performed actuarial and consulting services. Please feel free to contact:

City of Palm Desert, California

Contact: Paul Gibson, Director of Finance
(760) 346-0611

City of Indio, California

Contact: Bridget Healy, Assistant City Manager
(760) 342-6500

City of Lincoln, California

Contact: Kerry Rose, Finance Director
(916) 645-3314

City of La Mirada, California

Contact: Diane Perkin, Finance Director
(562) 943-0131 x2321

City of Woodland, California

Contact: Joan Drayton, Finance Director
(530) 661-5834

City of Santa Ana, California

Contact: Jeff Stevens, Risk Manager
(714) 647-5476

Long Beach Unified School District

Contact: Kemba Olabisi, Director, Risk Management
(562) 997-8324

Clovis Unified School District

Contact: Bill McGuire, Associate Superintendent
(559) 327-9110

Inyo County Office of Education

Contact: Dan Munis, Deputy Superintendent
(760) 878-2428 Ext. 227

Los Angeles Community College District

Contact: Kenneth Takeda, Director, Business Services
(213) 891-2400

San Diego Community College District

Contact: John J. Schlegel, Assistant Chancellor
(619) 388-6975