

**RESOLUTION 19-08**

**A RESOLUTION ENGAGING FINDLEY, INC. TO PROVIDE ACTUARIAL AND CONSULTING SERVICES IN CONJUNCTION WITH ADDING ENHANCED PUBLIC SAFETY OFFICERS BENEFITS WITHIN THE TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

**WHEREAS**, the Board of Mayor and Aldermen wishes to consider adding enhanced public safety officer benefits within the Tennessee Consolidated Retirement System; and

**WHEREAS**, an actuarial study will be required in order to identify potential cost implications for both ongoing funding and the impact on the City's Net Pension Obligation; and

**WHEREAS**, Findley, Inc. has provided such services for other cities in Middle Tennessee and has presented an engagement letter to provide these services for the City of Spring Hill;

**NOW, THEREFORE BE IT RESOLVED**, that the City of Spring Hill Board of Mayor and Aldermen, authorizes execution of an engagement with Findley, Inc. to provide said services at a cost ranging between \$5,000 and \$9,750 based upon actual services rendered, with funds to be taken from Legislative-Contractual services, as recommended by the City of Spring Hill Budget and Finance Advisory Committee on January 7, 2019.

**Passed and Adopted by the Board of Mayor and Aldermen of the City of Spring Hill, Tennessee on the 22<sup>nd</sup> day of January 2019.**

  
\_\_\_\_\_  
Rick Graham, Mayor

ATTEST:

  
\_\_\_\_\_  
April Goad, City Recorder

LEGAL FORM APPROVED:

  
\_\_\_\_\_  
Patrick Carter, City Attorney



**City of Spring Hill  
Budget & Finance Advisory Committee  
and  
Board of Mayor and Aldermen**

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Date: January 3, 2019

Memo to: Budget & Finance Advisory Committee and BOMA

From: Patti Amorello, Finance Director

Re: Resolution No. 19-08- Engaging Findley, Inc. to Provide Actuarial and Consulting Services in Conjunction with Adding Enhanced Public Safety Officers' Benefits Within the Tennessee Consolidated Retirement System

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At the December Budget & Finance Advisory Committee meeting, discussion was held at Alderman Fitterer's request related to exploring the possibility of offering an enhanced retirement plan for public safety officers.

In order to determine the cost implications of such a plan, it is recommended that an actuarial valuation be performed. Such a valuation will aid in identifying both ongoing routine annual costs and the impact of the enhancement on the City's Net Pension Obligation.

Michael Guyton with Finley, Inc. (formerly with Bryan, Pendleton, Swats & McAlister) has performed similar valuations for other cities in Tennessee and has extensive knowledge with pension/retirement plans for cities in Middle Tennessee.

An engagement letter has been obtained from Mr. Guyton to perform a valuation for the City of Spring Hill. Total cost will range between \$5,000 and \$9,750, depending on actual services rendered. Funds for this engagement will be taken from Legislative-Contractual Services.

**ATTACHMENT:** Engagement Letter with Findley, Inc.

**RECOMMENDATION:**



Michael G. Guyton, FSA, EA, MAAA  
Michael.Guyton@findley.com  
615.665.5355

December 14, 2018

**VIA ELECTRONIC DELIVERY**

Patti Amorello  
Finance Director  
City of Spring Hill  
199 Town Center Parkway  
Spring Hill, TN 37174

Re: Engagement Letter  
Actuarial Study for Adding Enhanced Public Safety Officers Benefits within the TCRS

Dear Patti:

Thank you for selecting Findley, Inc. to provide actuarial and consulting services in connection with your Plan.

This letter outlines

- the scope of the services we will provide and the fees that you can expect to pay for these services and
- our general business terms

This Engagement Letter, including the attached Exhibit A General Terms (also referenced as “Exhibit A,” together forming the “Agreement”), is between **Findley, Inc. (“Findley, Inc.”)**, and **City of Spring Hill (the City)**, for the term indicated. Findley, Inc. is being retained by the City to perform the services outlined in this Agreement with respect to the benefits for Public Safety Officers in the TCRS (Legacy Plan). By signing this Engagement Letter, the City agrees to be bound by the terms of this Agreement. Throughout this Agreement (both in this letter and Exhibit A), terms such as “we”, “us” and “our” refer to Findley, Inc., and terms such as “you” or “your” refer to the City. If we are contacted by persons from your organization who, in our judgment, appear to have authority to represent the City, we will assume that they are authorized to contact us and receive information unless you identify to us the specific people permitted to discuss Plan affairs.

This Agreement is effective for the actuarial study to determine the cost of adding the TCRS enhanced benefits for Public Safety Officers to the Legacy Plan and will continue to be effective after this initial term unless and until terminated by either party on 30 days advance written notice as detailed below. If your decision to engage us is delayed until after April 10, 2019, we reserve the right to reissue this Engagement Letter with revised fee estimates for expected services.

Exhibit A describes the services that we expect to perform and the associated fees for those services. It also provides our general billing procedures and other business terms, including representative billing rates.

Patti Amorello  
December 14, 2018

Issues may arise that are beyond the scope of these expected services, and which may require additional consulting services. If we provide additional consulting services, we will charge additional fees for those services. Upon the mutual agreement of both parties, Exhibit A may be revised from time to time to add or change the consulting services provided and such revised and restated Exhibit A shall continue to be covered by the Engagement Letter then in effect.

If anything in this Agreement needs further discussion, or if you have any questions, please feel free to call me. Again, I am pleased you have selected Findley, Inc. We look forward to serving you.

Sincerely,  
FINDLEY, INC.

By: Michael G. Guyton  
Michael G. Guyton, FSA, EA, MAA  
Senior Consultant

Attachment: Exhibit A General Terms

AGREED TO:

City of Spring Hill

By: [Signature] Date: 1/22/19  
Title: Mason

## Fees

The fees listed below represent our best estimate for services to the Plan. Actual fees may be higher or lower than these estimated fees. Services not specifically stated or variances from our assumptions will constitute additional services, for which we will charge additional fees. Examples of additional services are listed in the Additional Services section.

### Actuarial Study

Actuarial study to determine the cost of adding the TCRS Enhanced Benefits for Public Safety Officers using the July 1, 2018 valuation and data as the baseline. The fee includes a written report and presentation to the City.

### Fee

**\$5,000 - \$9,750**

## **Additional Services**

### *Actuarial Services*

- Analysis of changes in valuation assumptions and methods and consulting on possible changes
- Support to external auditors for the annual financial statement audits of the entities
- Annual estimates of succeeding year contributions and accounting expense
- Projections of funding or accounting expense over multiple years, or beyond that described under Recurring Actuarial Services
- Study of demographic assumptions based on Plan experience
- Actuarial valuations, accounting expense and accounting disclosure determinations for Other Post-Employment Benefit Plans (non-pension) under GASB 74 and 75 listed above)
- Resolving trustee accounting or reporting problems
- Data corrections or manipulation of data files to consolidate or convert to system format, manual input of participant and payroll information, or multiple payroll files
- Actuarial studies of Plan amendments
- Actuarial studies and other work related to mergers, acquisitions or spin-offs
- Actuarial studies involving forecasting of cash flow and/or accounting results
- Lost participant searches, address corrections
- Meetings and telephone conferences (in addition to those listed above)

### *Participant Communication Services*

- Participant benefit statements
- Required participant communications associated with benefit restrictions
- Participant communications (other than listed above)
- Printing costs and distribution costs for SPDs or other participant communications

### *Plan Documentation and Regulatory Compliance Services*

- Consulting services related to Plan design or Plan administration
- Drafting or review of Plan amendments, Board Resolutions and Summary Plan Descriptions (for review of legal counsel)
- Revisions or modifications to other Plan documents, such as Summary Plan Descriptions (SPDs), administrative forms, investment policy documents (for review of legal counsel)
- Assisting with determination letter applications; assistance with filing of Plan documents with IRS or other governmental authorities
- Responding on behalf of the City to questions from regulatory auditors
- Services pursuant to non-compliance with law or regulations, including corrections procedures filings and other regulatory filings
- General consulting services, such as consulting regarding Plan administrator's (a) Plan interpretations, (b) regulatory interpretations applicable to the Plan(s), statutory requirements, analyses regarding the impact of legislative or regulation changes impacting the Plan(s)

### *Services for Other Plans*

- Coverage and nondiscrimination testing involving plans of other members of the controlled group, affiliated service group or leasing/recipient organization
- Any other services associated with other plans sponsored by the City or other related organizations

## Billing Rates

Findley, Inc.'s schedule of hourly billing rates for our professionals and staff is based upon years of experience, specialization in training and practice, and level of professional attainment. Findley, Inc. current average hourly rates as of January 1, 2018:

Senior Consultant/Principal	\$395 - \$485
Consultant	\$230 - \$395
Technician/Analyst	\$165 - \$230
Administrative	\$ 80 - \$165

Periodically, Findley, Inc. hourly rates are reviewed and adjusted for increases in expertise, productivity, and inflation. Our fees have increased at or about the rate of inflation historically. The primary basis for determining our fee for additional services is the hourly billing rate of those who work on the case, multiplied by the actual time expended.

## Expenses

There are three categories of expenses that the firm may bill in addition to the hourly rates listed above.

- *Out-of-pocket* expenses, such as travel, lodging, meals, filing fees, printing costs, messenger services, and other similar expenses which will be billed at cost.
- *Administrative* expenses for copying, faxing, long-distance phone calls, etc. will be billed at cost.
- Any applicable *taxes, charges and other levies* associated with the agreed upon services rendered by Findley, Inc.. This would include state, local, and use taxes, if any, but excludes taxes levied against the income or personal property of Findley, Inc..

To the extent disclosed in the project fees section, these categories of expense are included in the project fee estimates provided.

## Billing Procedures

Normally, our statements will be prepared and sent during the month following the month in which the service is rendered and costs were incurred. However, sometimes we hold charges until work on a project is completed or charges are more than nominal. You agree to pay Findley, Inc. payment within 35 days after the statement date.

Our billing statements are due and payable within 35 days after the statement date. We reserve the right to place an interest charge on unpaid accounts of 1% per month commencing 35 days after the statement date. If payment has not been received within 90 days after the statement date, further work will be suspended until payment is received or a mutual agreement is reached.

Occasionally, we may request either payment in advance or direct payment by the client for significant out-of-pocket or extraordinary expenses, or if a client has failed to pay past statements on a timely basis.

## Potential Conflicts of Interest Disclosure

We know of no circumstances that create a conflict of interest in our services to you.

## Potential Direct and Indirect Compensation from Other Parties

It is possible that we will receive compensation from other parties or service providers in relation to your decision to use their services. We will disclose to you the monetary value of any direct or indirect compensation (including the payor of and services related to any indirect compensation) we receive from any party other than you in connection with our provision of services to the Plan(s). At the present time, there is no indirect compensation expected.

## Confidentiality of Plan and Participant Data

Findley, Inc. acknowledges and understands that all City information or Plan information provided by

City to Findley, Inc. is confidential. Findley, Inc. will not sell, rent, lease or in any way transfer City information provided from City to Findley, Inc. under this Agreement to a third party, except as expressly agreed to by you in writing. Findley, Inc. will have no proprietary interest or right to use City or Plan information, except as provided in this Agreement. Findley, Inc. will take all reasonable and necessary steps to prevent the misuse of City or Plan information.

Findley, Inc.'s reports, letters, memos, emails or other consulting work products furnished to you are for the use of the City and its agents, advisors and auditors, and for the business purposes stated therein. Findley, Inc. is not responsible for the reliance upon these work products by any other party.

Findley, Inc. acknowledges that it will have access to data that is personal information, including any and all identifying information of the employees of City ("Personal Information"). Findley, Inc. shall use any Personal Information it receives from City only to fulfill its obligations under this Agreement.

Findley, Inc. shall promptly notify City in writing in the event there is any suspicion of irregularities in the storage or processing of the Personal Information. On termination of this Agreement, Findley, Inc. shall discontinue using the Personal Information and shall destroy any Personal Information in accordance with Findley, Inc.'s file retention policies.

## **Amendment and Termination**

Upon the mutual agreement of both parties, Exhibit A may be revised and restated from time to time to add or change the consulting services provided and such revised or restated Exhibit A shall continue to be covered by the engagement letter then in effect.

Either party may terminate this Agreement, upon 30 days prior written notice to the other party. You agree to pay for all services provided by us up to the date of termination.

## **Dispute Resolution**

In the event of any dispute between the parties with respect to our services, each of the parties will

promptly appoint a designated officer to meet to resolve such dispute in good faith. If an amicable resolution through negotiation does not appear likely within a reasonable time, you and we agree to submit to resolution by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Such arbitration will be binding and final. Any such arbitration will be before one arbitrator, be conducted in English, and held in Nashville, TN, or such other location as the parties may agree upon.

## **Indemnification**

To the extent permitted by law, you agree to hold Findley, Inc. harmless from all claims, losses, damages, liabilities, costs and any other expenses related to the operation of the Plan or of Plan related services by the City, Plan Administrator or other third party vendor. This indemnification does not include claims, losses, damages, liabilities, costs or any other expenses attributable to any negligence or willful misconduct by Findley, Inc. in the performance of our services under this Agreement.

Findley, Inc. shall not be deemed responsible if it fails to perform any services as a result of one or more of the following causes: (a) receipt of poor or incomplete data provided by the other party or the other party's authorized agents; (b) interruptions or delays affected by information or communications systems not resulting from the fault of Findley, Inc.; (c) exchange or market rulings, disruptions in orderly trading on any exchange or market caused by market volatility or trading volume; (d) suspension of trading; (e) computer, or operational system failures; (f) "Acts of God;" (g) any outbreak or escalation of hostilities, war, terrorism, riots, or civil disorders in any country making it illegal or impossible for Findley, Inc. to perform its obligation under the Agreement; or (h) other unusual circumstances not reasonably within the control of Findley, Inc..

## **Mutual Responsibilities**

**Timeliness and Accuracy of Data.** You will provide us with the requested participant and other Plan information that we need in order to perform our services. You will be responsible for ensuring that the information is accurate and complete. Although

Findley, Inc. will perform reasonableness checks on the participant data, Findley, Inc. will have no other responsibility to independently verify the accuracy of the participant data that you provide. Findley, Inc. assumes no responsibility to acquire information other than to request it from you or from third parties as authorized by you. Findley, Inc. will not be liable for any errors or omissions made as a result of incomplete or incorrect information that is furnished to us by you or by third parties on your behalf (e.g., payroll providers, trustees, accountants, attorneys, investment advisors, etc.). We will work with you to determine an appropriate file format for the ongoing data that we need to provide services to you.

Findley, Inc. may occasionally identify errors or discrepancies in the data, eligibility determination, contribution calculation, or other items. We will notify you of any apparent discrepancies, and will work with you to resolve the discrepancies if requested. Resolving these discrepancies may result in additional services not included within the scope of our standard fees. Findley, Inc. is not responsible for performing additional services, even if we have performed these additional services in the past.

**Conversion.** We will work with your current providers to determine an appropriate file format and record layout for any conversion data that we may need. You will be responsible for the payment of any fees charged by the current provider for its work to supply the conversion data that we need and answer questions that we may have.

We will accept the information and data provided by the prior service provider as correct and complete unless otherwise instructed by you. We will not audit those records for accuracy, compliance with government requirements or consistency. We will not be responsible for errors or omissions made during the time prior to our engagement, nor for those which may result from our reliance on these prior records.

If instructed by you or your legal counsel, and within the scope of our engagement, we will conduct reviews of Plan documentation, participant communication and/or Plan operation to evaluate whether your Plan(s) was (were) in proper compliance with applicable law and

regulations and/or the provisions of Plan documents for the specified period. We will report to you any issues we think should be addressed, and will make recommendations for necessary action for consideration by you and your legal counsel.

**Maintenance and Transfer of Records.** Findley, Inc. will retain possession of all files and records during the course of our engagement. In the event that you terminate our services, at such time as a final payment in full is made to Findley, Inc. for all outstanding fees and expenses to date, Findley, Inc. will furnish the City, upon the City's request, copies of participant data and work products at a reasonable cost for electronic delivery and/or photocopying. Files will eventually be shredded and disposed of in accordance with Findley, Inc.'s file retention policies.

### **Limitations on Findley, Inc. Services**

*Findley, Inc. is not a law or accounting firm and does not provide legal or tax advice.* Any documents that we prepare are specimen documents that are for review by your legal counsel and that should be reviewed by your legal counsel. Legal issues concerning your employee benefit plans should be discussed with your legal counsel. Tax issues should be discussed with your legal counsel or your tax advisor.

*Findley, Inc. is not a fiduciary, investment advisor, or the plan administrator of the Plan(s) within the meaning of the Employment Retirement Income Security Act of 1974 (ERISA) or otherwise.* You are responsible for all discretionary decisions relating to the Plan(s). Findley, Inc. may, in the course of its services, identify and discuss issues that require your decision-making as a fiduciary. According to policies and procedures, Findley, Inc. may perform certain services, acting as agent to the City and the fiduciaries to the Plan(s). Findley, Inc. performs such services in an administrative, nondiscretionary capacity only according to Plan documents and other procedures and exercises no discretion as to the administration of the Plan(s) and the management of Plan assets. Findley, Inc. does not invest trust assets or prepare trust accounting statements. Findley, Inc. does not monitor investment performance or the performance of investment management or

advisors. Findley, Inc. does not handle Plan assets. Findley, Inc. does not provide services that would constitute investment advice to either the plan sponsor or any plan participant. Findley, Inc. does not determine the value (or the appropriateness of the value) of any asset held by the Plan(s).

**Findley, Inc. Role in Regulatory Compliance.**

Findley, Inc. helps organizations manage their employee benefit plans, including compliance with applicable rules and regulations, subject to review and advice of your legal counsel. These compliance requirements and duties are numerous, including, but not limited to:

- Participant communications, whether periodic or driven by participant or plan events
- Reporting and disclosure to regulatory authorities
- Maintenance of plan documents in accordance with law and regulation
- Financial transactions

Findley, Inc. is ready to assist in each of these areas to ensure compliance. Unless otherwise specifically indicated in our description of services, the City is responsible for meeting all compliance requirements of the Plan(s).