

AGREEMENT

THIS AGREEMENT, is made this 13<sup>th</sup> day of December, 2017, by and between the Wichita Police and Fire Retirement Board, hereinafter referred to as "Board" and Cavanaugh Macdonald Consulting, LLC, hereinafter referred to as "Actuary".

WITNESSETH:

Board hereby retains the services of Actuary to perform the following services on behalf of the Wichita Police and Fire Retirement System, as follows:

- I. Basic Retainer Services for the period September 1, 2017 through August 31, 2018 will include:
  - (a) Annual actuarial valuation of the assets and liabilities of the System as of December 31 of each year, resulting in a determination of the employer contribution requirements of the Retirement System. Participant valuation data and financial data as of the valuation date shall be provided to Actuary. The valuation report shall be delivered to the System, no later than six weeks after the System has delivered complete data for the valuation to the Actuary, or a later date if agreed to by the System. If the Board adopts new assumptions, which are to be used for the valuation, the due date of the valuation will be extended to six weeks after the Board approves the assumptions or a later date as agreed to by the System. The report will be submitted in both electronic and hard copy format. The number of hard copies of the report provided will be as requested by the System's staff.
  - (b) Preparation of the comprehensive annual financial report letter, summary and supplementary tables for reproduction in the System's comprehensive annual financial report. In conjunction with this report, a written report including calculations compliant with Governmental Accounting Standards Number 67 will be prepared each year.
  - (c) Provide actuarial services under Governmental Accounting Standards Number 68 including schedules and exhibits needed by the city for its financial reporting.
  - (d) Two days of meetings in Wichita including one meeting to present the valuation report results to the Board and one meeting to present results to the City Council.

(e) One or both supervising actuaries and/or support actuaries will be readily available by telephone within one working day and will be available for meetings within ten working days of the request.

(f) Develop and deliver a computer model for the Retirement System's use based on the most recent actuarial valuation results and current plan provisions. The model will project actuarial contribution rates, asset and liability measures, and unfunded actuarial liabilities. The model must allow the Board to make projections based on, but not limited to, alternative levels of investment returns, amortization periods, contribution strategies, and future payroll growth. Additional fees will apply in the event that the Board requests additional functionality in the model to project benefit design changes such as a change in the benefit multiplier, retirement eligibility or other key plan design changes or alternate liabilities based on investment return assumptions other than the assumption used in the System's formal valuation. These additional fees will be negotiated and agreed upon when the scope has been clearly defined.

(g) Assist in establishing specifications for Retirement System data files. Periodically review the form and content of data files retained for the Retirement System and make recommendations for modification, additions or deletions which will ensure the maintenance of the full range of data needed for actuarial studies, experience analysis and valuations.

(h) Actuary will perform the following general consulting services as part of the Fixed Fee. These services may include, but are not limited to, interpretation of information concerning actuarial issues and actuarial principles, federal legislation, review of new legislation and regulations or proposed changes to existing retirement law for the System, benefit provisions (including service purchases), mortality tables, and present value factors and calculations as further described below.

(1) Develop and provide various actuarial operating tables and factors needed by the Board for operation of the System's pension administration software for the calculation of several optional revisionary annuities. These include, but are not limited to, mortality tables, present value factors and survivor benefit factors. These tables will be transmitted electronically.

(2) Assist the System in creating and maintaining a Contribution Rate Funding Policy, based on the System's plan structure and in accordance with industry standards.

(3) The Actuary will inform the Board of developments in the retirement industry and their impact on the Retirement System's financing and benefit structure. The Actuary shall keep the System's Pension Manager or designated staff apprised of current trends, standards, and advancements within the retirement industry and the actuarial profession related to public pensions and changes in the firm's capabilities.

(4) The Actuary shall coordinate with the System's staff and provide the necessary schedules and reports for the actuarial, financial, and statistical sections of the System's Comprehensive Annual Financial Report (CAFR). Such schedules and reports shall be provided in accordance with Government Finance Officers Association's (GFOA) best practices and be sufficient to fulfill the requirements for the GFOA's Certificate of Achievement.

(5) The Actuary shall, upon request, review individual benefit applications and perform computations related to specific benefit cases.

(6) The Actuary shall, upon request, assist the System in the validation of the pension system known as V-3, including testing of key provisions or new features following significant upgrades, enhancements or modifications.

## II Experience Study

The Actuary shall complete an experience study of the Retirement System no less frequently than every five (5) years. The Actuary shall investigate and analyze the demographic and economic experience of the Retirement System during the defined period. The first experience study will cover the period from January 1, 2014 to December 31, 2016. The Actuary's written report of each experience study shall include, but not be limited to, recommendations for the basic actuarial assumptions to be used in the annual actuarial valuations and the determination of the actuarial factors to be used in administering the Retirement System. Following the completion of each experience study, the Actuary shall present the results to the Board. These meetings will take place on-site upon the completion of the experience study, no less frequently than every five (5)

years. The report will be submitted in both electronic and hard copy formats. Unless otherwise directed by the System's staff, twenty-five (25) copies of the report will be submitted.

III. Additional Services.

These services are not part of the Fixed Fee retainer. They will be performed on an as-needed basis according to a schedule mutually agreed upon by the Retirement System and the Actuary. Fees for such services will be negotiated and agreed upon when the project has been clearly defined.

(a) The Actuary may be expected to provide additional consulting services, assist with other technical issues, or contribute to reports that are not specifically listed in the above services.

(b) Appear at selected meetings and hearings for the discussion of actuarial standards and/or principles used in the determination of the funding requirement beyond the two days of meetings included in the Fixed Fee.

(c) Conduct asset/liability studies and modeling to assist the System in planning and analysis, potentially including a study of alternate plan designs.

(d) Conduct actuarial cost studies to provide an estimation of the financial impact of proposed statutory changes or assumption changes.

(e) Provide other services as requested by System.

IV. Data. The data necessary to perform the services outlined above will be furnished to the Actuary by the System. Such data will be furnished electronically in such other form as is agreed to by the System and Actuary.

V. Compensation. For the Basic Retainer Services, the Board will compensate the Actuary utilizing an all inclusive maximum fee in accordance with Exhibit "A," Fee Schedule. The amount shall be paid insofar as possible in equal monthly installments upon invoice receipt. For the Experience Study, the Board will compensate the Actuary utilizing the Experience Study fee in accordance with Exhibit "A" Fee Schedule. The amount shall be

paid when the Experience Study is completed. For the Additional Services, the Board will compensate the Actuary at its standard hourly rates for the personnel utilized plus out of pocket expenses incurred in the performance of such services.

VI. Renewal. It is the intention of the parties that this Agreement may be renewed under the same terms and conditions except as hereinafter provided, for six successive one-year periods beyond the original term (September 1, 2017 through August 31, 2024). In the event of renewal of the Agreement beyond its initial term, the parties agree that the fee for all inclusive services shall be as provided in Exhibit A.

VII. Actuary doing work for Employee Associations/Employer. The Actuary may provide third-party supplemental services to any of the three elements represented by the Board (employer, employees, and citizens of Wichita) under the following conditions:

(a) The requestor pays for the supplemental services rendered.

(b) The actuary does not disclose the specifics of the work. (Disclosure is at the requestor's discretion.)

(c) Notification to the Board is not required.

(d) In any environment where there is a conflict among two or more of the three elements represented by the Board, such as labor arbitration, the Actuary can become involved only as representative of the Board.

VIII. Equal Employment Opportunity/Affirmative Action Program Requirement. The Actuary agrees to comply with the provisions of the City of Wichita Non-Discrimination – Equal Opportunity/Affirmative Action Program Requirements, marked Exhibit “B,” attached hereto and incorporated herein by this reference.


IX. Kansas law. The Actuary agrees that Kansas Law shall govern the relationship with the Board.

- X. Termination. It is understood that either party may terminate this Agreement at any time upon sixty days written notice. Upon termination, the Board will pay the Actuary for accrued, but unpaid services or the Actuary will refund payment for prepaid, but unrendered services.
- XI. Dispute Resolution. If any dispute occurs between the parties, they shall attempt in good faith to resolve the dispute. If a party files a lawsuit, such suit shall be filed and conducted in the federal courts located in Kansas, and all parties consent to the exclusive venue and the personal jurisdiction of such federal courts, in those cases where a basis for federal subject matter jurisdiction exists. In the event that the lawsuit is not subject to the jurisdiction of the federal courts based on the provisions of Article III of the United States Constitution and/or Title 28 United States Code, the lawsuit will be filed and conducted in the state courts located in Kansas. Each party waives its right to a jury trial in any judicial proceeding arising out of or relating to this Agreement.
- XII. No Third Party Beneficiaries. The Board agrees that the professional services the Actuary provides pursuant to this Agreement are performed solely for the Retirement System's benefit and not for the benefit of any third party. Further, all of the Actuary's work product is to be used solely for the specific purpose identified by the Actuary and the Retirement System and for no other purpose. The Retirement System and the Actuary further agree that there are no intended third-party beneficiaries of the work product the Actuary provides pursuant to this Agreement. Accordingly, the Retirement System shall not use any of the Actuary's reports, oral communications, or other work product to influence any third party. To the extent that the Actuary's work product for the Retirement System is disclosed to any third party for any reason, the Retirement System and the Actuary intend and expect such third party to not rely on the Actuary's work product in any way but to engage its own independent professional for advice appropriate to its own specific needs.
- XIII. No Legal Advice. The Board understands that the Actuary's work consists of complex and technical analysis. The Actuary recommends that the Board be aided by its own qualified legal professional when reviewing the Actuary's work products. The Board recognizes that the Actuary is not a law firm, is not authorized to practice law, and does not provide legal advice to clients. The Board represents that it will not rely on the Actuary with respect to any matter of interpretation of law, regulation or legal compliance. Any information provided to the Board by the Actuary

with respect to provisions of law or regulation is for informational use only and should not be relied upon without consultation with competent counsel.

IN WITNESS WHEREOF, the Board and Actuary have executed this Agreement this 13<sup>th</sup> day of December, 2017.

WICHITA POLICE AND FIRE RETIREMENT BOARD



Jason Jones, President



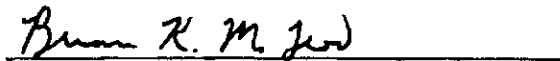
Pamela Beim, Pension Manager

CAVANAUGH MACDONALD CONSULTING, LLC



Patrice Beckham, Principal

Approved as to Form



for City Attorney

**EXHIBIT A**  
**WICHITA POLICE AND FIRE RETIREMENT SYSTEM**  
**FEE SCHEDULE**

Fixed Fee:

Year Ended August 31	Fee
2018	\$33,000
2019	\$33,700
2020	\$34,300
2021	\$35,000
2022	\$35,700
2023	\$36,400
2024	\$37,200

Experience Study (in 2018)

\$ 17,000

These fees include all direct and indirect costs, including out-of-pocket expenses.

Hourly Billing Rates for Additional Services:

Title	Hourly Rate
Consulting or Senior Actuary	\$320 - \$415
Senior Consultant	\$280 - \$350
Actuary	\$280 - \$350
Consultant	\$240 - \$300
Senior Actuarial Analyst	\$240 - \$300
Actuarial Analyst	\$180 - \$260
Other	\$125
Additional Meeting Charge per consultant per day	\$2,000



**Attachment B**

**REVISED NON-DISCRIMINATION AND  
EQUAL EMPLOYMENT OPPORTUNITY/AFFIRMATIVE ACTION PROGRAM  
REQUIREMENTS STATEMENT FOR CONTRACTS OR AGREEMENTS**

During the term of this contract, the contractor or subcontractor, vendor or supplier of the City, by whatever term indentified herein, shall comply with the following Non-Discrimination—Equal Employment Opportunity/Affirmative Action Program Requirements:

A. During the performance of this contract, the contractor, subcontractor, vendor or supplier of the city, or any of its agencies, shall comply with all the provisions of the Civil Rights Act of 1964, as amended; The Equal Employment Opportunity Act of 1972; Presidential Executive Orders 11246, 11375, 11131; Part 60 of Title 41 of the Code of Federal Regulations; the Age Discrimination in Employment Act of 1967; the Americans with Disabilities Act of 1990 and laws, regulations or amendments as may be promulgated thereunder.

B. Requirements of the State of Kansas:

1. The contractor shall observe the provisions of the Kansas Act against Discrimination (Kansas Statutes Annotated 44-1001, et seq.) and shall not discriminate against any person in the performance of work under the present contract because of race, religion, color, sex, disability, and age except where age is a bona fide occupational qualification, national origin or ancestry;
2. In all solicitations or advertisements for employees, the contractor shall include the phrase, "Equal Opportunity Employer", or a similar phrase to be approved by the "Kansas Human Rights Commission";
3. If the contractor fails to comply with the manner in which the contractor reports to the "Kansas Human Rights Commission" in accordance with the provisions of K.S.A. 1976 Supp. 44-1031, as amended, the contractor shall be deemed to have breached this contract and it may be canceled, terminated or suspended in whole or in part by the contracting agency;
4. If the contractor is found guilty of a violation of the Kansas Act against Discrimination under a decision or order of "Kansas Human Rights Commission" which has become final, the contractor shall be deemed to have breached the present contract, and it may be canceled, terminated or suspended in whole or in part by the contracting agency;
5. The contractor shall include the provisions of Paragraphs 1 through 4 inclusive, of this Subsection B, in every subcontract or purchase so that such provisions will be binding upon such subcontractor or vendor;

C. Requirements of the city of Wichita, Kansas, relating to Non-Discrimination—Equal Employment Opportunity/Affirmative Action Program Requirements:

1. The vendor, supplier, contractor or subcontractor shall practice Non-Discrimination – Equal Employment Opportunity in all employment relations, including but not limited to termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The vendor, supplier, contractor or subcontractor shall submit an Equal Employment Opportunity or Affirmative Action Program, when required, to the Department of Finance of the City of Wichita, Kansas, in accordance with the guidelines established for review and evaluation.
2. The vendor, supplier, contractor or subcontractor will, in all solicitations or advertisements for employees placed by or on behalf of the vendor, supplier, contractor or subcontractor, state that all qualified applicants will receive consideration for employment without regard to race, religion, color, sex, disability, and age except where age is a bona fide occupational qualification, national origin or ancestry. In all solicitations or advertisements for employees the vendor, supplier, contractor or subcontractor shall include the phrase, "Equal Opportunity Employer", or a similar phrase;
3. The vendor, supplier, contractor or subcontractor will furnish all information and reports required by the Department of Finance of said City for the purpose of investigation to ascertain compliance with Non-Discrimination – Equal Employment Opportunity Requirements. If the vendor, supplier, contractor, or subcontractor fails to comply with the manner in which he/she or it reports to the City in accordance with the provisions hereof, the vendor, supplier, contractor or subcontractor shall be deemed to have breached the present contract, purchase order or agreement and it may be canceled, terminated or suspended in whole or in part by the City or its agency; and further Civil Rights complaints or investigations may be referred to the State;
4. The vendor, supplier, contractor or subcontractor shall include the provisions of subsections 1 through 3 inclusive, of this present section in every subcontract, subpurchase order or subagreement so that such provisions will be binding upon each subcontractor, subvendor or subsupplier.
5. If the contractor fails to comply with the manner in which the contractor reports to the Department of Finance as stated above, the contractor shall be deemed to have breached this contract and it may be canceled, terminated or suspended in whole or in part by the contracting agency;

D. Exempted from these requirements are:

1. Those contractors, subcontractors, vendors or suppliers who have less than four (4) employees, whose contracts, purchase orders or agreements cumulatively total

less than five thousand dollars (\$5,000) during the fiscal year of said City are exempt from any further Equal Employment Opportunity of Affirmative Action Program submittal.

2. Those vendors, suppliers, contractors or subcontractors who have already complied with the provisions set forth in this section by reason of holding a contract with the Federal government or contract involving federal funds; provided that such contractor, subcontractor, vendor or supplier provides written notification of a compliance review and determination of an acceptable compliance posture within a proceeding forty-five (45) day period from the Federal agency involved.

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V. Compensation. For the Basic Retainer Services, the Board will compensate the Actuary utilizing an all inclusive maximum fee in accordance with Exhibit "A," Fee Schedule. The amount shall be paid insofar as possible in equal monthly installments upon invoice receipt. For the Experience Study, the Board will compensate the Actuary utilizing the

Experience Study fee in accordance with Exhibit "A" Fee Schedule. The amount shall be paid when the Experience Study is completed. For the Additional Services, the Board will compensate the Actuary at its standard hourly rates for the personnel utilized plus out of pocket expenses incurred in the performance of such services.

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(c) Notification to the Board is not required.

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VIII. Equal Employment Opportunity/Affirmative Action Program Requirement. The Actuary agrees to comply with the provisions of the City of Wichita Non-Discrimination – Equal Opportunity/Affirmative Action Program Requirements, marked Exhibit "B," attached hereto and incorporated herein by this reference.

IX. Kansas law. The Actuary agrees that Kansas Law shall govern the relationship with the Board.

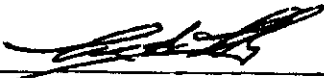


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with respect to provisions of law or regulation is for informational use only and should not be relied upon without consultation with competent counsel.

IN WITNESS WHEREOF, the Board and Actuary have executed this Agreement this 13<sup>th</sup> day of December, 2017.

WICHITA EMPLOYEES' RETIREMENT BOARD


  
\_\_\_\_\_  
Mark. Hall, President

  
\_\_\_\_\_  
Pam Beim, Pension Manager

CAVANAUGH MACDONALD CONSULTING, LLC

  
\_\_\_\_\_  
Patrice Beckham, Principal

Approved as to Form

  
\_\_\_\_\_  
for City Attorney

**EXHIBIT A**  
**WICHITA EMPLOYEE' RETIREMENT SYSTEM**  
**FEE SCHEDULE**

Fixed Fee:

Year Ended August 31	Fee
2018	\$35,000
2019	\$35,700
2020	\$36,400
2021	\$37,125
2022	\$37,900
2023	\$38,650
2024	\$39,400

Experience Study (in 2018)

\$ 17,000

These fees include all direct and indirect costs, including out-of-pocket expenses.

Hourly Billing Rates for Additional Services:

Title	Hourly Rate
Consulting or Senior Actuary	\$320 - \$415
Senior Consultant	\$280 - \$350
Actuary	\$280 - \$350
Consultant	\$240 - \$300
Senior Actuarial Analyst	\$240 - \$300
Actuarial Analyst	\$180 - \$260
Other	\$125
Additional Meeting Charge per consultant per day	\$2,000

**Attachment B**

**REVISED NON-DISCRIMINATION AND  
EQUAL EMPLOYMENT OPPORTUNITY/AFFIRMATIVE ACTION PROGRAM  
REQUIREMENTS STATEMENT FOR CONTRACTS OR AGREEMENTS**

During the term of this contract, the contractor or subcontractor, vendor or supplier of the City, by whatever term indentified herein, shall comply with the following Non-Discrimination—Equal Employment Opportunity/Affirmative Action Program Requirements:

A. During the performance of this contract, the contractor, subcontractor, vendor or supplier of the city, or any of its agencies, shall comply with all the provisions of the Civil Rights Act of 1964, as amended; The Equal Employment Opportunity Act of 1972; Presidential Executive Orders 11246, 11375, 11131; Part 60 of Title 41 of the Code of Federal Regulations; the Age Discrimination in Employment Act of 1967; the Americans with Disabilities Act of 1990 and laws, regulations or amendments as may be promulgated thereunder.

B. Requirements of the State of Kansas:

1. The contractor shall observe the provisions of the Kansas Act against Discrimination (Kansas Statutes Annotated 44-1001, et seq.) and shall not discriminate against any person in the performance of work under the present contract because of race, religion, color, sex, disability, and age except where age is a bona fide occupational qualification, national origin or ancestry;
2. In all solicitations or advertisements for employees, the contractor shall include the phrase, "Equal Opportunity Employer", or a similar phrase to be approved by the "Kansas Human Rights Commission";
3. If the contractor fails to comply with the manner in which the contractor reports to the "Kansas Human Rights Commission" in accordance with the provisions of K.S.A. 1976 Supp. 44-1031, as amended, the contractor shall be deemed to have breached this contract and it may be canceled, terminated or suspended in whole or in part by the contracting agency;
4. If the contractor is found guilty of a violation of the Kansas Act against Discrimination under a decision or order of "Kansas Human Rights Commission" which has become final, the contractor shall be deemed to have breached the present contract, and it may be canceled, terminated or suspended in whole or in part by the contracting agency;
5. The contractor shall include the provisions of Paragraphs 1 through 4 inclusive, of this Subsection B, in every subcontract or purchase so that such provisions will be binding upon such subcontractor or vendor;

C. Requirements of the city of Wichita, Kansas, relating to Non-Discrimination—Equal Employment Opportunity/Affirmative Action Program Requirements:

1. The vendor, supplier, contractor or subcontractor shall practice Non-Discrimination – Equal Employment Opportunity in all employment relations, including but not limited to termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The vendor, supplier, contractor or subcontractor shall submit an Equal Employment Opportunity or Affirmative Action Program, when required, to the Department of Finance of the City of Wichita, Kansas, in accordance with the guidelines established for review and evaluation.
2. The vendor, supplier, contractor or subcontractor will, in all solicitations or advertisements for employees placed by or on behalf of the vendor, supplier, contractor or subcontractor, state that all qualified applicants will receive consideration for employment without regard to race, religion, color, sex, disability, and age except where age is a bona fide occupational qualification, national origin or ancestry. In all solicitations or advertisements for employees the vendor, supplier, contractor or subcontractor shall include the phrase, “Equal Opportunity Employer”, or a similar phrase;
3. The vendor, supplier, contractor or subcontractor will furnish all information and reports required by the Department of Finance of said City for the purpose of investigation to ascertain compliance with Non-Discrimination – Equal Employment Opportunity Requirements. If the vendor, supplier, contractor, or subcontractor fails to comply with the manner in which he/she or it reports to the City in accordance with the provisions hereof, the vendor, supplier, contractor or subcontractor shall be deemed to have breached the present contract, purchase order or agreement and it may be canceled, terminated or suspended in whole or in part by the City or its agency; and further Civil Rights complaints or investigations may be referred to the State;
4. The vendor, supplier, contractor or subcontractor shall include the provisions of subsections 1 through 3 inclusive, of this present section in every subcontract, subpurchase order or subagreement so that such provisions will be binding upon each subcontractor, subvendor or subsupplier.
5. If the contractor fails to comply with the manner in which the contractor reports to the Department of Finance as stated above, the contractor shall be deemed to have breached this contract and it may be canceled, terminated or suspended in whole or in part by the contracting agency;

D. Exempted from these requirements are:

1. Those contractors, subcontractors, vendors or suppliers who have less than four (4) employees, whose contracts, purchase orders or agreements cumulatively total

less than five thousand dollars (\$5,000) during the fiscal year of said City are exempt from any further Equal Employment Opportunity of Affirmative Action Program submittal.

2. Those vendors, suppliers, contractors or subcontractors who have already complied with the provisions set forth in this section by reason of holding a contract with the Federal government or contract involving federal funds; provided that such contractor, subcontractor, vendor or supplier provides written notification of a compliance review and determination of an acceptable compliance posture within a proceeding forty-five (45) day period from the Federal agency involved.