

# CLARK HILL

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August 24, 2016

Ms. Colleen A. Deer  
Mockenhaupt Benefits Group  
One Gateway Center  
Suite 1475  
420 Fort Dusquesne Boulevard  
Pittsburgh, PA 15222-1416

Re: Eastern Adams Regional Police Commission - Notice of Professional Services  
Contract

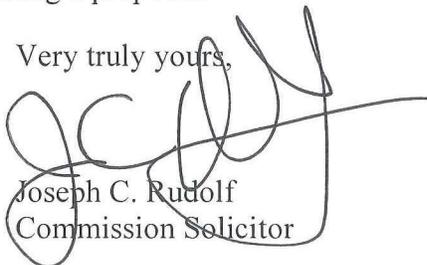
Dear Ms. Deer:

Thank you for the submission of your proposal to provide actuarial services for the Eastern Adams Regional Police Commission's Police Pension Plan. Your time and effort in compiling the proposal was greatly appreciated.

On August 16, 2016, the Commission voted to select Conrad Siegel Actuaries. A statement of relevant facts that resulted in their selection is included with this letter. Also, attached to the email delivery of this letter are the original applications from Conrad Siegel, and its required disclosures to the Commission. If you would like a hard copy of these documents, please notify me in writing. Additionally, these documents can be accessed on the Commission's website.

Once again, thank you for submitting a proposal.

Very truly yours,



Joseph C. Rudolf  
Commission Solicitor

JCR/rag

Proposal of Actuarial and Consulting Services  
for the  
**Eastern Adams Regional Police Pension Plan**

by **Mockenhaupt Benefits Group**

**Proposal Date: July 14, 2016**

<b>Name of Firm:</b>	<b>Mockenhaupt Benefits Group</b>
<b>Address:</b>	<b>One Gateway Center, Suite 1475 420 Fort Duquesne Boulevard Pittsburgh, PA 15222</b>
<b>Phone Number:</b>	<b>(412) 394-9660 or (800) 405-3620</b>
<b>Fax Number:</b>	<b>(412) 394-6339</b>
<b>Web-site:</b>	<a href="http://www.mockenhauptbenefits.com">www.mockenhauptbenefits.com</a>
<b>Primary Contact:</b>	<b>Colleen Deer, Vice President</b>
<b>Direct Dial:</b>	<b>(412) 394-9333</b>
<b>e-mail:</b>	<a href="mailto:Colleen.Deer@MBGbenefits.com">Colleen.Deer@MBGbenefits.com</a>



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Act 44 Disclosure Form



July 14, 2016

**PERSONAL AND CONFIDENTIAL**

Mr. Harry McKean  
Commission Member  
Eastern Adams Regional Police Commission  
110 North Berlin Avenue  
New Oxford, PA 17350

**RE: Actuarial Services for the Eastern Adams Regional Police Pension Plan**

Dear Mr. McKean:

We are happy to offer this proposal of actuarial services to the Commission. For over 50 years, Mockenhaupt Benefits Group has been dedicated exclusively to the business of public employee benefits.

When it comes to local government pensions, it seems that laws, regulations and techniques are changing all the time. Not only do we stay up-to-date on the issues that affect our governmental clients, but we monitor proposed state and federal pension legislation and pension-related governmental accounting standards and track Auditor General opinions, trends in collective bargaining, and relevant court decisions. We even go a step further and actually get involved by networking with other industry professionals, associations, attorneys, organizations, state agencies and even legislators to educate and be educated, share ideas and information, and develop cooperative approaches to best serve the needs of our clients. We regularly provide instructors and speakers for training seminars and conferences sponsored by Pennsylvania local government associations and organizations.

As you may have already found, complicated pension issues can come up that require advice from an experienced consultant who specializes in municipal pension plans and the state and federal laws that apply to them. Our experienced, knowledgeable consultants and staff use a proactive and personal consulting approach to give our clients comfort in knowing they can get a quick and accurate response to their pension questions, and the confidence to make important decisions about their plans.

We believe that our specific experience working with a number of regional pension plans would make us a perfect fit as the Commission's actuary and consultant. We've guided clients through initial regionalization, expanding/contracting regional entities, and dissolution of regional departments. It is this type of specialized consulting that sets us apart from other firms that may be too big to pay attention to the needs of individual clients, too small to possess the experience and staff to advise on complicated issues, or have limited capabilities

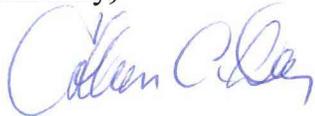
Mr. Harry McKean  
July 14, 2016  
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such as administration-only firms with no credentialed actuaries on staff where reports requiring actuarial certifications must be subcontracted through another firm.

We would appreciate the opportunity to make a presentation to the Commission in person and answer any questions that they may have.

Any questions regarding this proposal can be directed to me. My direct line is (412) 394-9333 and my e-mail address is [Colleen.Deer@MBGbenefits.com](mailto:Colleen.Deer@MBGbenefits.com).

Sincerely,



Colleen A. Deer  
Vice President

## CLIENT BENEFITS

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**Choosing the most qualified and efficient actuarial consulting firm will benefit a municipality in more ways that you may realize:**

- breeze through state pension audits
- avoid costly lawsuits or grievances from plan members
- reduce the potential costs resulting from plan document misinterpretations
- well-organized pension files and records
- better understanding by municipal officials of plan funding needs and government regulations
- increased employee awareness of the value of their benefits
- never miss an important plan deadline
- improve confidence in decision-making on pension plan issues based on dependable advice
- avoid long-term cost of inadvertent precedent-setting decisions or benefit awards
- reduce time spent by staff researching plan questions or locating plan reports
- liaison to other service-providers on pension issues – solicitor, auditor, investment manager and labor attorney
- easy-to-understand presentations, illustrations and explanations of plan reports and information

These are the benefits that our clients say they gain from using Mockenhaupt Benefits Group as their actuarial consulting firm.



*Experience is the MOCKENHAUPT difference!*  
[www.mockenhauptbenefits.com](http://www.mockenhauptbenefits.com)

## QUALIFICATIONS AND PROFESSIONAL STAFF

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### ACTUARIES AND ACTUARIAL STAFF:

- Since Mockenhaupt Benefits Group serves local governments exclusively, 100% of our staff actuaries' efforts are dedicated to municipal retirement plans
- Our principal actuary is David H. Stimpson, E.A., F.C.A., M.A.A.A. He was enrolled under Section 3042 of the Employees' Retirement Income Security Act of 1974 in 2008. He has over 20 years of experience working with defined benefit pension plans and over 17 years working with Pennsylvania municipal retirement plans. He is responsible for oversight and principles established for all of the firm's governmental defined benefit plans, and has primary client responsibility for 3 large plans. See the Staff Biographies section of this proposal for more information.
- We have one other full-time municipal pension actuary on staff, Richard C. Smith, A.S.A., E.A., F.C.A. He has 25 years of actuarial experience including approximately 6 years working exclusively with municipal retirement plans. Another actuary who works for us on a consulting basis is Kevin P. Counihan, F.S.A., E.A., M.A.A.A. He's worked with Mockenhaupt Benefits Group on our government pension plans for over 15 years. All of our actuaries have the necessary experience and credentials to certify pension valuation reports under Act 205.
- In addition to our 2 staff actuaries, we have 3 municipal pension consultants who average well over 20 years of experience with municipal pension plans, and 6 actuarial analysts with an average of 13 years of experience with municipal pension plans.

### FIRM HISTORY AND OPERATIONS:

- Mockenhaupt Benefits Group has been in business for over 65 years and has been providing actuarial services to governmental employers for over 50 years.
- We provide actuarial and consulting services for over 450 PA municipal retirement plans (including DB and DC pension plans and retiree medical plans).
- Services to all clients are provided through our office in downtown Pittsburgh, but we serve clients statewide. Our consultants meet at clients' offices throughout the Commonwealth. In addition, we offer immediate electronic access to client reports through our FTP site. Many of our clients also find it helpful to be able to interact with our consultants at the many statewide conferences, training sessions and other events at which they are speaking or attending.
- Paul Mockenhaupt is the majority owner of Mockenhaupt Benefits Group. The individuals responsible for the firm's operations are William Asay, President and Colleen Deer, Vice President. There are no branch offices.
- We have 14 employees.

## QUALIFICATIONS AND PROFESSIONAL STAFF (CONT.)

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### FIRM HISTORY AND OPERATIONS (CONT.):

- At Mockenhaupt Benefits Group, clients are assigned a team of professionals consisting of a senior consultant, an actuarial analyst and an actuary, who all work closely together. The consultant is typically the primary contact person for a client and coordinates the completion of projects, answers day-to-day questions, provides advice on compliance or plan design issues, and meets with government officials and/or employees. The assigned actuarial analyst is generally the secondary contact person and handles administrative issues such as valuation data collection and processing retirement or distribution calculations and paperwork. The actuary sets the plans actuarial assumptions, oversees the preparation of actuarial valuations and studies and certifies the reports.
- We have found that most client questions and needs are more related to day-to-day plan administration and compliance issues, rather than actuarial matters. However, the actuary is also able to attend meetings or answer questions if requested.
- The consultant and primary contact person assigned to the Eastern Adams Regional Police Pension Plan would be Colleen Deer. The actuarial analyst and secondary contact would be Chris Anderson. See the Staff Biographies section of this proposal for more information.

### OTHER IMPORTANT COMPANY INFORMATION:

- Our primary service is preparation of actuarial valuations for clients' defined benefit pension and OPEB plans, and consulting on those plans. In addition, we provide plan documents, amendments and summary plan description booklets, and customer service and administrative services for a pooled insurance trust, Municipal Benefits Services (formerly known as Municipal Employers Insurance Trust, or MEIT). Municipal Benefits Services provides health insurance, dental and vision plans, long and short-term disability benefits and life insurance to governmental employers.
- We offer electronic file transfer services through our FTP site so that clients can submit annual plan data and other reports or documents securely, knowing their employees' personal information will not be compromised. Our clients are also able to access copies the plan reports we prepare for them through the FTP site. We upload copies of the reports to the municipality's individual "File Cabinet" folders on the FTP site immediately after hard copies are mailed to them.
- All of our files and databases are backed up daily through a cloud service. No reports, data, programs or files are created, run or maintained outside of our company's network or by an outside vendor or firm. Employees have full remote access to company drives and programs in the event that the physical office is not accessible. The vast majority of our files are now saved electronically, so we are far less vulnerable to physical file destruction problems than other firms.
- Mockenhaupt Benefits Group is an independent actuarial consulting firm. We believe that in order to remain unbiased and to avoid any conflict of interest, an actuarial firm must operate independently from the investment manager. We can work cooperatively with whatever investment management firm and/or custodian the municipality uses in order to provide the most appropriate and complementary service package to suit their needs.

## SCOPE OF SERVICES

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### REGULAR SERVICES:

Biennial Actuarial Valuation Reports - Starting with the reports for January 1, 2017, we will prepare the required biennial actuarial valuation reports. The reports will include benefit information on all members in the plan, as well as plan funding information. During the valuation process the actuary will review all of the actuarial assumptions as well as each of the Plan's overall condition, and will identify any significant factors which affected the plan's condition during the valuation period. The reports will summarize the plans' actuarial, demographic, and financial status. Your consultant will attend a meeting held at the convenience of the Commission, pension committee, and/or staff to present the valuation results at no additional charge.

Act 205 forms - We will prepare the Act 205 reporting forms to be submitted to the Public Employee Retirement Commission every other year, beginning January 1, 2017.

Annual Employee Statements - Individual employee benefit statements will be generated as of January 1 annually which will provide each employee with their personal pension information including accumulated member contributions, retirement eligibility date, estimated pension amount, a brief summary of plan benefits, and other relevant information, starting as of January 1, 2017.

Annual Minimum Municipal Obligations - We will prepare the MMOs for your chief administrative officer by September 30<sup>th</sup> each year, and revise them later, if necessary, when updated information becomes available. We generally request information needed to prepare the MMOs at the beginning of July.

Benefit Calculations - We will calculate pension benefits for retired and terminated members. We can also prepare any forms, elections or notices to process the terminations or retirement. Typically we would review the plan for a member's entitlement to benefits, calculate the pension or distribution amount, determine the taxable and non-taxable portion of the benefits, and prepare required notices and paperwork for the member to elect their payment form. We can also provide the participant application forms for their benefits.

Meetings and Consulting Services - We will provide assistance and attend meetings as required or requested by the Departmental management and the Commission, including assistance with the state pension audits.

Demographic Information - We will maintain in our database information pertaining to the active and inactive plan members as part of our valuation and annual administration process.

### ADDITIONAL SERVICES:

Compliance Notification - We will inform the Commission of legislative and regulatory changes that may be applicable to the Plans. This will be done in a number of ways - through the News page of our web site, by newsletters, through speaking engagements, conferences and training seminars, by individual mailings (electronic and hard-copy) to the Commission, through personal e-mails or phone calls to the Commission and at periodic meetings with Commission representatives. Mockenhaupt Benefits Group is committed to staying on the forefront of federal and statewide issues that affect our clients.

Cost Studies - Actuarial studies can be prepared to evaluate the estimated cost of proposed benefit changes. Additional actuarial services are available upon the request of the Commission, whether during the collective bargaining process or in other situations.

## SCOPE OF SERVICES (CONT.)

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### ADDITIONAL SERVICES (CONT.):

Arbitration Assistance - We can provide information, advice and special exhibits for Act 111 interest and grievance arbitrations. Our consultants and actuaries have many years of experience in providing expert testimony, if needed, for arbitration hearings.

Plan Documents, Amendments, Summary Plan Descriptions, and Resolutions - These documents can be prepared, as needed, upon request by the Commission, usually in cooperation with a labor law firm we work with. We are also happy to review or assist with any documents prepared by the solicitor.

Our goal is to provide a fair, accurate and unbiased picture of the plans' funding status to all interested parties. Our primary concern is the actuarial soundness of the plans for the benefit of all plan participants and beneficiaries.

## REFERENCES

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- The following are 10 governmental references for whom we have performed services within the past year.

<b>Client</b>	<b>Contact Name/Title</b>	<b>e-mail</b>	<b>Phone #</b>
Northern Regional Police Department	Ms. Amy Pampiks, Treasurer	<a href="mailto:apampiks@twp.pine.pa.us">apampiks@twp.pine.pa.us</a>	(724) 625-1636
Southwest Mercer County Regional Police Department	Ms. Kim DiCintio, Fiscal Director	<a href="mailto:kimd@mercog.com">kimd@mercog.com</a>	(724) 981-1561
Hampden Township	Mr. Keith Metts, Township Manager	<a href="mailto:kmetts@hampdentownship.us">kmetts@hampdentownship.us</a>	(717) 761-0119
Lower Paxton Township	Mr. George Wolfe, Township Manager	<a href="mailto:gwolfe@lowerpaxton-pa.gov">gwolfe@lowerpaxton-pa.gov</a>	(717) 657-5600
West York Borough	Ms. Melissa Wirls, Borough Manager	<a href="mailto:Westyorkboro@gmail.com">Westyorkboro@gmail.com</a>	(717) 846-8889
Huntingdon Borough	Mr. William Wheeler, Borough Manager	<a href="mailto:wwheeler@huntingdonboro.com">wwheeler@huntingdonboro.com</a>	(814) 643-3966
Fleetwood Borough	Ms. Janice DeLay, Borough Administrator	<a href="mailto:janiced@fleetwoodboro.com">janiced@fleetwoodboro.com</a>	(610) 944-8220
Muhlenberg Township	Ms. Dawn Cieniewicz, Finance Director	<a href="mailto:dcieniewicz@muhlenbergtwp.com">dcieniewicz@muhlenbergtwp.com</a>	(610) 685-0649
Cleona Borough	Mr. Kerry Rohland, Borough Secretary	<a href="mailto:cleonaboroughmgr@comcast.net">cleonaboroughmgr@comcast.net</a>	(717) 272-7167
Emmaus Borough	Mr. Shane Pepe, Borough Manager	<a href="mailto:spepe@borough.emmaus.pa.us">spepe@borough.emmaus.pa.us</a>	(610) 965-9292

Actuarial valuation reports for all of the above municipalities were certified by the firm's principal actuary, Dave Stimpson. The assigned consultant for 5 of these municipalities is Colleen Deer, who would be the consultant and primary contact person for the Eastern Adams Regional Police Plan.

## FEES

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### REGULAR PERIODIC SERVICES:

Estimated Average Annual Fee for 2017 and 2018 \$2,425

*Estimated fee based on anticipated services performed and billed during the 2-year period including: 1/1/2017 actuarial valuation report and Act 205 reporting form, employee benefit statements as of 1/1/2017 and 1/1/2018, and MMO calculations for 2018 and 2019.*

*Based on plan size (number of active participants), fees for benefit calculations were not included in the estimate above. If any calculations are requested, the fees would be as follows:*

Retirement/Deferred Vested/Survivor	\$275/calculation
Employee Contribution Refund	\$175/calculation
Cost-of-living adjustment	\$175/calculation

### NON-PERIODIC REGULAR SERVICES AND ADDITIONAL SERVICES:

Fees for additional services are generally charged at our standard hourly rates, based on the time spent and the staff members involved in the project. Our current hourly rates are shown below.

Senior Consultant - \$190	Actuarial Analyst - \$135
Administrative Assistant - \$85	Actuary - \$215

We can provide specific fee quotes for any other services or projects, such as cost studies, plan documents, or SPDs upon request.

All projects are invoiced individually upon completion. Generally, most of the fees described above are permitted to be paid from plan assets. The Commission may request that invoices be submitted directly to the plan custodian for payment (with a copy of all invoices sent to the Chief Administrative Officer of the plans), or the originals can be sent to the Commission for processing.

### CERTIFICATION:

As an authorized representative of Mockenhaupt Benefits Group, I hereby offer to provide the projects and services indicated in this proposal at the fees indicated herein.



Colleen A. Deer, Vice President

7-14-16

Date



David H. Stimpson, E.A., VP - Actuarial Services

7.17.2016

Date

## STAFF BIOGRAPHIES

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### *Colleen A. Deer, Vice President*

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#### **Background/Principal Responsibilities:**

Ms. Deer joined the firm in 1988 as an actuarial analyst. Prior to being named Vice President in 2006, she was a Senior Consultant. She continues to serve in her role as consultant, responsible for communicating the results of actuarial valuations and studies to clients, and consulting on plan design and compliance issues for over 180 public pension and OPEB plans. She also provides technical training to the actuarial staff and coordinates the marketing and advertising activities for the firm.

Ms. Deer frequently makes presentations and serves as an instructor for pension training for governmental plan sponsors, state associations, the Local Government Academy and pension committees. She is called on to testify as an expert witness at interest and grievance arbitration hearings pertaining to retirement benefits. She has participated in several projects on a consulting basis with various state associations and organizations related to pensions and pension legislation.

#### **Education:**

B.S. in Mathematics/Actuarial Science, Clarion University, Clarion, PA

#### **Sample of Recent Speaking Engagements:**

Govt. Finance Officers Assoc. of PA annual conference – <i>Should You Set Up an OPEB Trust Fund?</i>	April 2015
Allegheny League of Municipalities annual conference <i>Pension Best Practices</i>	April 2015
Joint Allegheny Co. Conference of Twps, Boros and Authorities <i>So You Don't Think You Have a Pension Problem?</i>	October 2014
Govt. Finance Officers Assoc. of PA annual conference – <i>GASB Update for Single Employer Pension Plans</i>	May 2014
PA Municipal League Core Communities in Crisis Task Force <i>many joint presentations to organizations affiliated with task force to explain PA pension problems and the League's proposed pension reform legislation</i>	2011 to 2014
Mockenhaupt Benefits Group Employee Benefits Seminar <i>New Pension GASB Statements (No. 67 &amp; 68)</i>	May 2013
Local Government Academy Seminar <i>New Pension GASB Statements (No. 67 &amp; 68)</i>	December 2012
Govt. Finance Officers Assoc. of PA webinar <i>Act 44 Update</i>	April 2012
Local Government Academy Seminar <i>Pensions 101 for Elected Officials</i>	February 2012
Association of PA Municipal Managers annual conference - <i>Pensions in Crisis</i>	May 2011

## STAFF BIOGRAPHIES (CONT.)

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### *David H. Stimpson, Vice President of Actuarial Services*

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- Fellow, Conference of Consulting Actuaries (F.C.A.)
- Enrolled Actuary (E.A.)
- Member, American Academy of Actuaries (M.A.A.A.)

#### **Background/Principal Responsibilities:**

Mr. Stimpson has over 20 years of actuarial experience in the defined benefit pension plan area with two employee benefits consulting firms and a major pension software company. He has experience with both corporate and municipal pension plans of a variety of sizes. Of his actuarial experience, over 17 years have been working with municipal pension plans in Pennsylvania.

Mr. Stimpson provides specialized actuarial advice and certification of actuarial reports and studies. His primary work is in the area of defined benefit pension plans. He is also involved with the research and development of actuarial procedures and techniques, staff education, and retiree medical benefit studies. And, he has served as an expert witness at a number of Act 111 interest and grievance arbitration hearings.

#### **Education:**

B.S. in Actuarial Science, Lebanon Valley College

Mr. Stimpson regularly attends seminars and professional conferences to complete continuing education requirements to maintain his enrolled actuary designation.

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### *Christopher Anderson, Actuarial Analyst*

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#### **Background/Principal Responsibilities:**

Mr. Anderson is an actuarial analyst for Mockenhaupt Benefits Group. He assists in the preparation of Act 205 actuarial valuation reports and related reporting forms, cost studies, and benefit calculations for his client base and works very closely with the plan actuary and consultant. He corresponds regularly with clients answering day-to-day administrative questions and helping maintain the plan data. He has 27 years of experience working at Mockenhaupt Benefits Group with municipal pension plans.

#### **Education:**

B.S. Accounting, Grove City College, Grove City, Pennsylvania  
Certified Employee Benefit Specialist (CEBS)