

October 21, 2020

Ms. Karla Drown
Finance Director
City of Marshall
344 W. Main Street
Marshall, MN 56258

Re: Engagement Letter for GASB 75 Actuarial Services – City of Marshall

Dear Karla:

Thank you for this opportunity to provide GASB 75 Other Postemployment Benefit (OPEB) actuarial services to the City of Marshall (the City). This letter documents the services we will provide for the City's retiree health plan and our fees for those services.

The GASB 75 accounting rules require more frequent and comprehensive actuarial reporting than in the past. A "full" actuarial valuation is required every two years, while a simplified accounting report is required in the "off years". The off-year report must reflect changes in the discount rate and other significant events/assumptions, but can rely on the prior year data if it hasn't substantially changed. Our proposed fees include amounts for both the "full" and "off-year" valuation reports.

Scope of the Engagement

We will perform the following services, as chosen by the City:

- For FY2021 and FY2023, we will perform a "full" GASB 75 actuarial valuation to calculate your OPEB liability. The report will include all OPEB results required for your FY2021 and FY2023 financial statements, including summaries of participants, plan provisions, and actuarial assumptions and methods.
- For FY2022 and FY2024, we will perform an "off-year" GASB 75 actuarial valuation to calculate your OPEB liability and financial disclosure entries. This report will reflect updated assumptions and plan provisions, but does not require us to collect new census data.

Fees and Hourly Billing Rates

As noted above, the new GASB 75 OPEB accounting rules substantially alter OPEB financial reporting. Among the changes is more frequent actuarial reporting, including biennial actuarial reporting and updated actuarial results in the “off years”.

Our proposed engagement fees are outlined below. In subsequent years, fees will be based on the time and expense required or we can provide a new fee quote if you prefer.

Services Provided	Fee
FY2021 “full” GASB 75 actuarial valuation report	\$5,700
FY2022 “off-year” GASB 75 actuarial valuation report	\$1,800
FY2023 “full” GASB 75 actuarial valuation report	\$5,700
FY2024 “off-year” GASB 75 actuarial valuation report	\$1,800

The proposed FY2021–FY2024 actuarial fees assume no substantial changes to the plan census, assumptions, plan provisions, or funding arrangement. If any of these factors change significantly, then GASB 75 rules may require a full actuarial valuation in the off year. In this case, we will provide a separate proposed fee.

Out-of-scope projects are within the City’s control, and time for them will be billed at our normal hourly rates. For 2020, our hourly rates are \$95 to \$195 for actuarial analysts and \$275 to \$375 for consulting actuaries. Out-of-scope projects include time spent on:

- additional meetings and preparation,
- significant changes in your plan, accounting or funding arrangements,
- cleanup of inaccurate data or data not provided in the form requested,
- follow-up for information not provided within 45 days of our request, and
- off-year accounting updates for future fiscal years, when they differ from the estimated figures in our report.

We will notify you if any out-of-scope fees are to apply, and will be happy to estimate fees for additional projects as requested. Out-of-pocket expenses will be passed on to you without markup. Travel time, if it occurs, is billed at 50% of our normal rates.

We are happy to provide additional consulting services or changes in valuation scope upon request. Additional fees for such requests will be discussed and agreed upon by both parties prior to commencement.

You have the right to terminate our services at any time, subject to payment of accrued charges for work we have done through the date we receive notice. We will have the same right of termination (including termination for non-payment of fees and expenses), subject to our obligation to give the City reasonable notice.

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We trust that this letter satisfactorily outlines our services and fees. If you have any questions, please feel free to contact us. Thank you again for choosing Van Iwaarden Associates to assist you with this project.

Northern Consulting Actuaries, Inc. d/b/a Van Iwaarden Associates

Sincerely,



Laura K. Pistotnik, ASA, MAAA
Consulting Actuary

L/D/C/R: 3/cl/lp

Acknowledgement and Consent

The undersigned authorized representative of the City of Marshall (the City) has read this letter from Van Iwaarden Associates, understands its contents, and agrees on behalf of the City to the terms, conditions and fees set forth above.

Date: _____, 2020

By _____

Title _____