

EFM SUBMISSION NO.: 2012 EFM 163

PRESENTED: 11/20/12

ADOPTED: 11-20-12

BY THE EMERGENCY FINANCIAL MANAGER:


Resolution Authorizing Nyhart

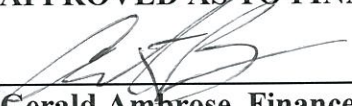
Risk Management solicited proposals in 2007 for an Other Post Employment Benefits (OPEB) study as required by the Governmental Accounting Standards Board Statements 43 & 45. The City awarded the contract to Nyhart and they have continuously provided this calculation every two years.

As a result of changes implemented to employee and retiree health care benefits the amount of the OPEB unfunded liability will be reduced. In order for the City to assign a dollar value to these changes Risk Management is recommending that a baseline study be performed. Nyhart submitted a proposal to undertake this baseline study for a fee of \$1,200.00.

Risk Management is recommending that Nyhart be retained to provide the requested OPEB information. Funding for these services is to come from account 736-000.105-716.100 in an amount not to exceed amount of \$1,200.00.

IT IS RESOLVED, that the appropriate city officials are authorized to engage Nyhart to provide Other Post Employment Benefits services at a cost not to exceed \$1,200.00.

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

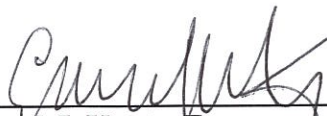
APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

for


Michael K. Brown, City Administrator

EFM DISPOSITION:

ENACT REFER TO COUNCIL FAIL


Edward J. Kurtz, Emergency Financial Manager

DATED: 11-20-12

RESOLUTION STAFF REVIEW

DATE: 11-08-12

Agenda Item Title: Other Post Retirement Benefits Actuary - Nyhart

Prepared By: Robert C. Erlenbeck – Risk Management and Benefits Administrator

Background/Summary of Proposed Action: The Government Accounting Standards Board Statements 43 & 45 requires a public entity to begin accounting for future Retiree Health Care expenditures (OPEB). The total liability for this exposure must be determined by an Actuary in order to be in compliance with this new standard. The City has utilized the Actuary firm Nyhart since 2007 to provide these services. In addition, the Governor has proposed that a portion of State Revenue Sharing be tied to "Best Practices". One of those "Best Practices" is to change the maximum amount an employer will pay towards employee health care expenses. The City has implemented health care changes in all union contracts. In addition the Emergency Manager has issued orders regarding changes to Retiree health care. In order for the City to be able to assign a dollar value to these changes it will be necessary to undertake a baseline Actuary study. Since Nyhart has already acquired the majority of the data as a result of completing the current OPEB report they would not require the extra time and cost to load in all current plan information prior to undertaking these health care reviews. Nyhart has proposed doing the modeling to complete a baseline report to provide cost comparisons of status quo health insurance, changes to employee health coverage and changes to retiree health coverage for a cost of \$1,200.00.

Financial Implications: Failure to undertake the study would result in the City not being able to take credit for reduced OPEB liability in its financial reporting.

Budgeted Expenditure? Yes No Please explain if no: Funds available

Account No.: 736- 000.105-801.000

Pre-encumbered? Yes No Requisition # Budgeted .

Other Implications (i.e., collective bargaining): The City's financial compliance with regulatory agencies could be jeopardized.

Staff Recommendation: It is Risk Management and Benefit Administration's and the Finance Department's recommendation that the City enter into a contract with Nyhart in the amount of \$1,200.00 to provide these actuarial services.

Staff Person: RE WIST/12
Risk Mgmt. & Benefits Administrator

Approval: [Signature]
Gerald Ambrose, Finance Director
For