City of Moline
619 16 Street, Moline – 2nd Floor
Council Chambers

Committee-of-the-Whole Agenda

6:30 p.m.

Tuesday, July 15, 2014

Informational

The Mills of Riverbend Commons (Christopher Woods, Three Corners Development)

2015 Capital Improvement Plan (Scott Hinton, City Engineer)

Questions on the Agenda

Agenda Items

1. **Approval of Contract with Miller Trucking and Excavating.** (Scott Hinton, City Engineer)
2. **Tobacco Enforcement Program Grant.** (Kim Hankins, Police Chief/Public Safety Director)
3. **An Agreement with R.J. Lee & Associates, LLP** (Alison Fleming, Human Resources Manager)
4. **An Agreement with United Healthcare Services Inc.** (Alison Fleming, Human Resources Manager)
5. **Pension Funding Policy.** (Kathy Carr, Finance Director)
6. **Actuarial valuation reports for the Police and Firefighters' Pension Funds.** (Kathy Carr, Finance Director)
7. **Other**

Explanation

1. **Approval of a Contract with Miller Trucking and Excavating for Project #1193 River Drive Utility Relocations.** (Scott Hinton, City Engineer)

Explanation: Bids were opened and publicly read on June 24, 2014, for Project #1193 with the following results:

$1,791,644.25	Miller Trucking
$1,888,891.50	Valley Construction
$1,923,788.00	Langman Construction
$2,069,517.80	Brandt Construction
$2,483,273.25	McCarthy Improvement

Staff Recommendation: Staff recommends approval of a contact with the lowest responsible and responsive bidder, Miller Trucking and Excavating.

Fiscal Impact: Funds are budgeted and available as follows:

ACCOUNT	BUDGETED	AS-BID	
Utility Tax	280,000.00	547,424.25	510-9965-438.04-25
Water	300,000.00	243,664.00	310-1716-434.08-45
WPC	900,000.00	999,981.00	320-1840-433.08-30
Storm		575.00	330-1971-433.08-35
	$1,480,000.00	$1,791,644.25	

Goals Impacted: Strong Local Economy
Improved City Infrastructure & Facilities

2. **Tobacco Enforcement Program Grant.** (Kim Hankins, Police Chief/Public Safety Director)

Explanation: The Illinois Department of Revenue (Liquor Control Commission) has awarded the police department a grant of $5,940.00 to conduct a retail education and enforcement program with Moline tobacco retailers. The program requires that three compliance checks be conducted during the term of the agreement, August 1, 2014 through June 30, 2015. Execution of a Contractual Agreement is required for acceptance of the grant.

Staff Recommendation: Approve.
Fiscal Impact: No cost to budget; grant of $5,940.00
Goal Impacted: Financially Strong City

3. **A Resolution authorizing the Mayor and City Clerk to enter into an Agreement with R.J. Lee & Associates, LLP of Moline, Illinois, for health benefit consulting services for a period of one year commencing on August 1, 2014.** (Alison Fleming, Human Resources Manager)

Explanation: R.J. Lee & Associates, LLP currently provides health benefit consulting services. The cost of services is $22,000, which includes health plan data analysis, wellness program implementation, development of a long-term plan, analysis of retiree data and benefits and assistance with GASB45 compliance.

Staff Recommendation: Approval
Fiscal Impact: Budgeted in the Health Fund
Public Notice/Recording: N/A
Goal Impacted: Financially Strong City

4. **A Resolution authorizing the Mayor and City Clerk to execute an Agreement with United Healthcare Services Inc. to provide administrative services and reinsurance for medical and prescription drug claims for a period of 5 months commencing on August 1, 2014.** (Alison Fleming, Human Resources Manager)

Explanation: United Healthcare of the River Valley (UHCRV) currently provides claims administrative services and reinsurance for the City's health benefits plan. Due to audit requirements that UHCRV can no longer meet, the City is transitioning to the national platform with United Healthcare, which can provide the required audit information. There will be no increase in costs. Additionally, the City will save approximately $250,000 per year by not having to hire an external firm to conduct an audit.

Staff Recommendation:	Approval
Fiscal Impact:	Budgeted in the Health Fund
Public Notice/Recording:	N/A
Goal Impacted:	Financially Strong City

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5. **Pension Funding Policy.** (Kathy Carr, Finance Director)

Explanation: The Government Accounting Standards Board (GASB), the organization that oversees and establishes the City's required accounting standards, has released two new statements (GASB Statement No. 67 and No. 68) that will fundamentally change how state and local governments account for the cost of pension benefits in their financial statements. Previous accounting standards issued by GASB defined the annual pension Actuarially Required Contribution (ARC) for financial reporting purposes. These new statements separate pension accounting from pension funding and no longer define the ARC, so the City must adopt a pension funding policy to document how the ARC will be determined for the City's single employer pension plans, (Police and Fire). The effective implementation date for the City of Moline is for the fiscal year ending 12/31/2014.

Staff Recommendation:	Approval
Fiscal Impact:	N/A
Public Notice/Recording:	N/A
Goal Impacted:	Financially Strong City

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6. **Actuarial valuation reports for the year beginning January 1, 2014 and ending December 31, 2014 for the City of Moline Police and Firefighters' Pension Funds.** (Kathy Carr, Finance Director)

Explanation: The sworn Police and Fire personnel of the City of Moline are covered by two pension plans that are defined-benefit, single-employer pension plans. The purpose of the annual actuarial valuation reports is to provide property tax levy requirements for the City's employer contributions.

Since 1988, the City has not used the actuarial calculations provided by the State of Illinois Department of Insurance but rather has hired an actuary to use Moline's specific financial information and related actuarial information for the calculation.

The City's recommended tax levy for police and fire pension will be an increase of $436,746.00. This amount will be levied for 2014 as part of the total property tax levy considered in November.

Staff Recommendation:	Approval
Fiscal Impact:	Determines 2014 Property Tax Levy Collectible 2015.
Public Notice/Recording:	Finance Staff will file with Illinois Department of Insurance, Public Pension Division
Goal Impacted:	Financially Strong City

CITY OF MOLINE, IL BID TABULATION

Bid Date and Time: June 24, 2014 11:00 a.m.

Project: 1193 - 2014 Utility Relocations

ITEM NO.	ITEM	APPROX QUANTITY	UNIT	Miller Trucking & Excavating, Inc. UNIT PRICE	Miller Trucking & Excavating, Inc. AMOUNT	Valley Construction UNIT PRICE	Valley Construction AMOUNT	Langman Construction, Inc. UNIT PRICE	Langman Construction, Inc. AMOUNT
1	SEEDING SPECIAL COMPLETE	1620	SY	$4.00	$6,480.00	$6.00	$9,720.00	$3.00	$4,860.00
2	TREE REMOVAL (6 TO 15 UNIT DIAMETER)	12	UNIT	$40.00	$480.00	$50.00	$600.00	$30.00	$360.00
3	TREE REMOVAL (OVER 15 UNIT DIAMETER)	32	UNIT	$50.00	$1,600.00	$50.00	$1,600.00	$30.00	$960.00
4	ROCK EXCAVATION	750	CY	$90.00	$67,500.00	$195.00	$146,250.00	$190.00	$142,500.00
5	TRENCH BACKFILL	3960	CY	$16.00	$63,360.00	$35.00	$138,600.00	$35.00	$138,600.00
6	GEOTECH FAB F/GR STAB	2442	SY	$1.25	$3,052.50	$1.50	$3,663.00	$1.00	$2,442.00
7	AGGREGATE BASE COURSE A 6"	295	SY	$10.00	$2,950.00	$14.00	$4,130.00	$10.00	$2,950.00
8	AGGREGATE BASE COURSE B 6"	2147	SY	$12.00	$25,764.00	$11.00	$23,617.00	$10.00	$21,470.00
9	HMA BINDER CSE IL 19.0 N50	26	TON	$260.00	$6,760.00	$230.00	$5,980.00	$175.00	$4,550.00
10	HMA SURFACE CSE IL-9.5FG N50	26	TON	$260.00	$6,760.00	$230.00	$5,980.00	$175.00	$4,550.00
11	PCC PAVEMENT 8" W/INTEGRAL CURB	2114	SY	$58.00	$122,612.00	$52.00	$109,928.00	$52.00	$109,928.00
12	PCC DRIVEWAY PAVEMENT 7"	140	SY	$61.00	$8,540.00	$75.00	$10,500.00	$80.00	$11,200.00
13	PCC SIDEWALK 4"	1806	SF	$6.00	$10,836.00	$7.30	$13,183.80	$6.00	$10,836.00
14	PCC SIDEWALK RAMP 6"	100	SF	$14.00	$1,400.00	$13.00	$1,300.00	$13.00	$1,300.00
15	DETECTABLE WARNINGS	16	SF	$34.00	$544.00	$40.00	$640.00	$40.00	$640.00
16	PAVEMENT REMOVAL	2114	SY	$10.00	$21,140.00	$12.00	$25,368.00	$15.00	$31,710.00
17	DRIVEWAY PAVEMENT REMOVAL	140	SY	$10.00	$1,400.00	$14.00	$1,960.00	$15.00	$2,100.00
18	SIDEWALK REMOVAL	1906	SF	$2.00	$3,812.00	$1.00	$1,906.00	$1.00	$1,906.00
19	MEDIAN REMOVAL	1617	SF	$2.00	$3,234.00	$1.50	$2,425.50	$1.00	$1,617.00
20	CL B PATCH TY. II, 8"	19	SY	$91.00	$1,729.00	$170.00	$3,230.00	$125.00	$2,375.00
21	CL B PATCH TY. IV, 8"	3080	SY	$70.00	$215,600.00	$90.00	$277,200.00	$85.00	$261,800.00
22	CL D PATCH TY. II, 3"	12	SY	$175.00	$2,100.00	$130.00	$1,560.00	$100.00	$1,200.00
23	CL D PATCH TY. III, 3"	70	SY	$65.00	$4,550.00	$130.00	$9,100.00	$75.00	$5,250.00
24	CL D PATCH TY. IV, 3"	40	SY	$65.00	$2,600.00	$130.00	$5,200.00	$75.00	$3,000.00
25	CONCRETE MEDIAN TY SB6.06	1617	SF	$7.00	$11,319.00	$17.00	$27,489.00	$8.00	$12,936.00
26	PAINT PVT MARK - LINE 4"	90	LF	$1.25	$112.50	$0.45	$40.50	$1.00	$90.00
27	PAINT PVT MARK - LINE 6"	347	LF	$1.75	$607.25	$1.50	$520.50	$1.00	$347.00
28	PAINT PVT MARK - LINE 12"	324	LF	$3.50	$1,134.00	$3.00	$972.00	$1.00	$324.00

The above prices are "as read" and are subject to approval by the City of Moline Engineering Department.

29	PAINT PVT MARK - LINE 24"	24	LF	$7.00	$168.00	$7.50	$180.00	$10.00	$240.00
30	REMOVE & REINSTALL BRICK PAVERS	207	SF	$20.00	$4,140.00	$40.00	$8,280.00	$15.00	$3,105.00
31	INLETS TO BE ADJUSTED	1	EACH	$575.00	$575.00	$1,200.00	$1,200.00	$1,000.00	$1,000.00
32	HEAVY-DUTY HANDHOLE REM & REPL	1	EACH	$1,000.00	$1,000.00	$2,500.00	$2,500.00	$3,800.00	$3,800.00
33	DI WATER MAIN 4"	32	LF	$200.00	$6,400.00	$180.00	$5,760.00	$150.00	$4,800.00
34	DI WATER MAIN 6"	31	LF	$200.00	$6,200.00	$180.00	$5,580.00	$150.00	$4,650.00
35	DI WATER MAIN 8"	373	LF	$100.00	$37,300.00	$85.00	$31,705.00	$155.00	$57,815.00
36	DI WATER MAIN 12"	21	LF	$400.00	$8,400.00	$310.00	$6,510.00	$175.00	$3,675.00
37	DI WATER MAIN 16"	308	LF	$180.00	$55,440.00	$137.00	$42,196.00	$180.00	$55,440.00
38	DI WATER MAIN TEE, 8"X4"	1	EACH	$360.00	$360.00	$440.00	$440.00	$350.00	$350.00
39	DI WATER MAIN TEE, 8"X6"	2	EACH	$400.00	$800.00	$450.00	$900.00	$350.00	$700.00
40	DI WATER MAIN TEE, 8"X8"	1	EACH	$475.00	$475.00	$540.00	$540.00	$400.00	$400.00
41	DI WATER MAIN TEE, 16"X6"	2	EACH	$1,475.00	$2,950.00	$1,900.00	$3,800.00	$1,300.00	$2,600.00
42	DI WATER MAIN TEE, 16"X16"	1	EACH	$2,250.00	$2,250.00	$2,600.00	$2,600.00	$2,000.00	$2,000.00
43	DI WATER MAIN REDUCER, 16"X12"	1	EACH	$900.00	$900.00	$1,100.00	$1,100.00	$800.00	$800.00
44	WATER VALVES, 4"	1	EACH	$900.00	$900.00	$920.00	$920.00	$800.00	$800.00
45	WATER VALVES, 6"	2	EACH	$1,050.00	$2,100.00	$1,080.00	$2,160.00	$1,000.00	$2,000.00
46	WATER VALVES, 8"	1	EACH	$1,500.00	$1,500.00	$1,500.00	$1,500.00	$1,400.00	$1,400.00
47	WATER VALVES, 16"	1	EACH	$3,035.00	$3,035.00	$9,400.00	$9,400.00	$2,600.00	$2,600.00
48	TAPPING TEE, 8" W/VALVE & BOX	1	EACH	$5,000.00	$5,000.00	$5,500.00	$5,500.00	$3,500.00	$3,500.00
49	SOLID SLEEVE, 4"	1	EACH	$175.00	$175.00	$180.00	$180.00	$200.00	$200.00
50	SOLID SLEEVE, 6"	1	EACH	$225.00	$225.00	$240.00	$240.00	$250.00	$250.00
51	SOLID SLEEVE, 8"	1	EACH	$275.00	$275.00	$300.00	$300.00	$300.00	$300.00
52	DI WATER MAIN PLUG, 6"	1	EACH	$100.00	$100.00	$1,200.00	$1,200.00	$200.00	$200.00
53	DI WATER MAIN PLUG, 8"	1	EACH	$140.00	$140.00	$1,800.00	$1,800.00	$200.00	$200.00
54	DI WATER MAIN CAP, 8"	1	EACH	$145.00	$145.00	$2,000.00	$2,000.00	$200.00	$200.00
55	DI WATER MAIN CAP, 16"	1	EACH	$625.00	$625.00	$2,700.00	$2,700.00	$700.00	$700.00
56	DI WM FITTING, 4" 90° BEND	2	EACH	$165.00	$330.00	$200.00	$400.00	$200.00	$400.00
57	DI WM FITTING, 8" 90° BEND	2	EACH	$325.00	$650.00	$360.00	$720.00	$300.00	$600.00
58	DI WM FITTING, 8" 11.25° BEND	1	EACH	$300.00	$300.00	$360.00	$360.00	$300.00	$300.00
59	DI WM FITTING, 16" 45° BEND	6	EACH	$1,220.00	$7,320.00	$1,600.00	$9,600.00	$1,000.00	$6,000.00
60	DI WM FITTING, 16" 11.25° BEND	1	EACH	$1,125.00	$1,125.00	$1,600.00	$1,600.00	$1,000.00	$1,000.00
61	FIRE HYDRANT ASSEMBLY COMP	2	EACH	$5,650.00	$11,300.00	$5,500.00	$11,000.00	$4,500.00	$9,000.00

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62	FIRE HYDRANT TO BE REMOVED	2	EACH	$750.00	$1,500.00	$650.00	$1,300.00	$1,000.00	$2,000.00
63	TEMP FIRE HYDRANT FOR TESTING	1	EACH	$3,900.00	$3,900.00	$1,800.00	$1,800.00	$1,000.00	$1,000.00
64	WATER MAIN ENCASEMENT	26	LF	$235.00	$6,110.00	$270.00	$7,020.00	$100.00	$2,600.00
65	STANDARD TEST CONNECTION, 1"	1	EACH	$2,435.00	$2,435.00	$550.00	$550.00	$200.00	$200.00
66	VALVE BOXES TO BE REMOVED	5	EACH	$275.00	$1,375.00	$120.00	$600.00	$200.00	$1,000.00
67	FILLING VALVE VAULTS	1	EACH	$900.00	$900.00	$600.00	$600.00	$600.00	$600.00
68	FILL & ABANDON WATERMAIN, 16"	546	LF	$18.00	$9,828.00	$7.00	$3,822.00	$8.00	$4,368.00
69	DI SANITARY SEWER, P CL 350, 8"	689	LF	$142.00	$97,838.00	$105.00	$72,345.00	$180.00	$124,020.00
70	DI SANITARY SEWER, P CL 350, 12"	174	LF	$180.00	$31,320.00	$152.00	$26,448.00	$205.00	$35,670.00
71	DI SANITARY SEWER, P CL 350, 36"	1112	LF	$500.00	$556,000.00	$480.00	$533,760.00	$570.00	$633,840.00
72	MANHOLE, TY A, 4' DIA, T1F&CL, BOLT DOWN	7	EACH	$5,100.00	$35,700.00	$5,300.00	$37,100.00	$4,000.00	$28,000.00
73	MANHOLE, TY A, 5' DIA, T1F&CL, BOLT DOWN	2	EACH	$12,000.00	$24,000.00	$13,400.00	$26,800.00	$6,000.00	$12,000.00
74	MANHOLE, TY A, 6' DIA, T1F&CL, BOLT DOWN	2	EACH	$19,500.00	$39,000.00	$26,800.00	$53,600.00	$10,000.00	$20,000.00
75	SANITARY SEWER SERVICE REM & REPL	3	EACH	$13,250.00	$39,750.00	$10,000.00	$30,000.00	$6,000.00	$18,000.00
76	MANHOLE TO BE ADJUSTED	5	EACH	$400.00	$2,000.00	$1,200.00	$6,000.00	$400.00	$2,000.00
77	CLEANOUT TO BE REMOVED	1	EACH	$400.00	$400.00	$350.00	$350.00	$100.00	$100.00
78	SANITARY MANHOLES TO BE REMOVED	25	EACH	$700.00	$17,500.00	$820.00	$20,500.00	$600.00	$15,000.00
79	PLUG, FILL, & ABANDON SAN SEWER, 8"	459	LF	$4.50	$2,065.50	$2.50	$1,147.50	$5.00	$2,295.00
80	PLUG, FILL, & ABANDON SAN SEWER, 12"	796	LF	$5.75	$4,577.00	$3.70	$2,945.20	$6.00	$4,776.00
81	PLUG, FILL, & ABANDON SAN SEWER, 18"	399	LF	$11.50	$4,588.50	$6.50	$2,593.50	$8.00	$3,192.00
82	PLUG, FILL, & ABANDON SAN SEWER, 20"	225	LF	$19.00	$4,275.00	$8.00	$1,800.00	$9.00	$2,025.00
83	PLUG, FILL, & ABANDON SAN SEWER, 24"	514	LF	$17.50	$8,995.00	$10.00	$5,140.00	$10.00	$5,140.00
84	PLUG, FILL, & ABANDON SAN SEWER, 30"	2696	LF	$23.00	$62,008.00	$16.00	$43,136.00	$16.00	$43,136.00
85	TRAFFIC CONTROL COMPLETE	1	L. SUM	$75,000.00	$75,000.00	$12,000.00	$12,000.00	$10,000.00	$10,000.00
	TOTALS				$1,791,644.25		$1,888,891.50		$1,923,788.00

The above prices are "as read" and are subject to approval by the City of Moline Engineering Department.

				Brandt Construction Co.		McCarthy Improvement Company			
ITEM NO.	ITEM	APPROX QUANTITY	UNIT	UNIT PRICE	AMOUNT	UNIT PRICE	AMOUNT	UNIT PRICE	AMOUNT
1	SEEDING SPECIAL COMPLETE	1620	SY	$2.80	$4,536.00	$4.00	$6,480.00		$0.00
2	TREE REMOVAL (6 TO 15 UNIT DIAMETER)	12	UNIT	$38.00	$456.00	$50.00	$600.00		$0.00
3	TREE REMOVAL (OVER 15 UNIT DIAMETER)	32	UNIT	$40.00	$1,280.00	$100.00	$3,200.00		$0.00
4	ROCK EXCAVATION	750	CY	$95.00	$71,250.00	$130.00	$97,500.00		$0.00
5	TRENCH BACKFILL	3960	CY	$25.50	$100,980.00	$92.00	$364,320.00		$0.00
6	GEOTECH FAB F/GR STAB	2442	SY	$1.10	$2,686.20	$1.50	$3,663.00		$0.00
7	AGGREGATE BASE COURSE A 6"	295	SY	$11.00	$3,245.00	$21.00	$6,195.00		$0.00
8	AGGREGATE BASE COURSE B 6"	2147	SY	$10.00	$21,470.00	$30.00	$64,410.00		$0.00
9	HMA BINDER CSE IL 19.0 N50	26	TON	$140.50	$3,653.00	$300.00	$7,800.00		$0.00
10	HMA SURFACE CSE IL-9.5FG N50	26	TON	$140.50	$3,653.00	$300.00	$7,800.00		$0.00
11	PCC PAVEMENT 8" W/INTEGRAL CURB	2114	SY	$62.50	$132,125.00	$71.00	$150,094.00		$0.00
12	PCC DRIVEWAY PAVEMENT 7"	140	SY	$63.00	$8,820.00	$75.00	$10,500.00		$0.00
13	PCC SIDEWALK 4"	1806	SF	$6.00	$10,836.00	$6.00	$10,836.00		$0.00
14	PCC SIDEWALK RAMP 6"	100	SF	$12.50	$1,250.00	$8.00	$800.00		$0.00
15	DETECTABLE WARNINGS	16	SF	$33.00	$528.00	$33.00	$528.00		$0.00
16	PAVEMENT REMOVAL	2114	SY	$10.00	$21,140.00	$10.00	$21,140.00		$0.00
17	DRIVEWAY PAVEMENT REMOVAL	140	SY	$12.50	$1,750.00	$14.00	$1,960.00		$0.00
18	SIDEWALK REMOVAL	1906	SF	$1.30	$2,477.80	$1.00	$1,906.00		$0.00
19	MEDIAN REMOVAL	1617	SF	$3.00	$4,851.00	$1.50	$2,425.50		$0.00
20	CL B PATCH TY. II, 8"	19	SY	$112.00	$2,128.00	$220.00	$4,180.00		$0.00
21	CL B PATCH TY. IV, 8"	3080	SY	$112.00	$344,960.00	$113.00	$348,040.00		$0.00
22	CL D PATCH TY. II, 3"	12	SY	$130.00	$1,560.00	$240.00	$2,880.00		$0.00
23	CL D PATCH TY. III, 3"	70	SY	$130.00	$9,100.00	$200.00	$14,000.00		$0.00
24	CL D PATCH TY. IV, 3"	40	SY	$130.00	$5,200.00	$150.00	$6,000.00		$0.00
25	CONCRETE MEDIAN TY SB6.06	1617	SF	$25.00	$40,425.00	$18.00	$29,106.00		$0.00
26	PAINT PVT MARK - LINE 4"	90	LF	$1.15	$103.50	$1.25	$112.50		$0.00
27	PAINT PVT MARK - LINE 6"	347	LF	$1.70	$589.90	$1.75	$607.25		$0.00
28	PAINT PVT MARK - LINE 12"	324	LF	$3.35	$1,085.40	$3.50	$1,134.00		$0.00
29	PAINT PVT MARK - LINE 24"	24	LF	$6.75	$162.00	$7.00	$168.00		$0.00

The above prices are "as read" and are subject to approval by the City of Moline Engineering Department.

30	REMOVE & REINSTALL BRICK PAVERS	207	SF	$35.00	$7,245.00	$80.00	$16,560.00		$0.00
31	INLETS TO BE ADJUSTED	1	EACH	$525.00	$525.00	$950.00	$950.00		$0.00
32	HEAVY-DUTY HANDHOLE REM & REPL	1	EACH	$2,020.00	$2,020.00	$8,000.00	$8,000.00		$0.00
33	DI WATER MAIN 4"	32	LF	$210.00	$6,720.00	$150.00	$4,800.00		$0.00
34	DI WATER MAIN 6"	31	LF	$210.00	$6,510.00	$85.00	$2,635.00		$0.00
35	DI WATER MAIN 8"	373	LF	$125.00	$46,625.00	$70.00	$26,110.00		$0.00
36	DI WATER MAIN 12"	21	LF	$293.00	$6,153.00	$155.00	$3,255.00		$0.00
37	DI WATER MAIN 16"	308	LF	$165.00	$50,820.00	$100.00	$30,800.00		$0.00
38	DI WATER MAIN TEE, 8"X4"	1	EACH	$635.00	$635.00	$550.00	$550.00		$0.00
39	DI WATER MAIN TEE, 8"X6"	2	EACH	$685.00	$1,370.00	$575.00	$1,150.00		$0.00
40	DI WATER MAIN TEE, 8"X8"	1	EACH	$750.00	$750.00	$650.00	$650.00		$0.00
41	DI WATER MAIN TEE, 16"X6"	2	EACH	$1,800.00	$3,600.00	$1,850.00	$3,700.00		$0.00
42	DI WATER MAIN TEE, 16"X16"	1	EACH	$3,900.00	$3,900.00	$2,575.00	$2,575.00		$0.00
43	DI WATER MAIN REDUCER, 16"X12"	1	EACH	$1,150.00	$1,150.00	$1,250.00	$1,250.00		$0.00
44	WATER VALVES, 4"	1	EACH	$1,400.00	$1,400.00	$1,200.00	$1,200.00		$0.00
45	WATER VALVES, 6"	2	EACH	$1,550.00	$3,100.00	$1,300.00	$2,600.00		$0.00
46	WATER VALVES, 8"	1	EACH	$2,000.00	$2,000.00	$1,800.00	$1,800.00		$0.00
47	WATER VALVES, 16"	1	EACH	$9,750.00	$9,750.00	$10,000.00	$10,000.00		$0.00
48	TAPPING TEE, 8" W/VALVE & BOX	1	EACH	$4,000.00	$4,000.00	$3,800.00	$3,800.00		$0.00
49	SOLID SLEEVE, 4"	1	EACH	$400.00	$400.00	$1,200.00	$1,200.00		$0.00
50	SOLID SLEEVE, 6"	1	EACH	$450.00	$450.00	$1,200.00	$1,200.00		$0.00
51	SOLID SLEEVE, 8"	1	EACH	$525.00	$525.00	$1,300.00	$1,300.00		$0.00
52	DI WATER MAIN PLUG, 6"	1	EACH	$850.00	$850.00	$650.00	$650.00		$0.00
53	DI WATER MAIN PLUG, 8"	1	EACH	$880.00	$880.00	$700.00	$700.00		$0.00
54	DI WATER MAIN CAP, 8"	1	EACH	$880.00	$880.00	$875.00	$875.00		$0.00
55	DI WATER MAIN CAP, 16"	1	EACH	$2,100.00	$2,100.00	$1,400.00	$1,400.00		$0.00
56	DI WM FITTING, 4" 90° BEND	2	EACH	$450.00	$900.00	$300.00	$600.00		$0.00
57	DI WM FITTING, 8" 90° BEND	2	EACH	$590.00	$1,180.00	$450.00	$900.00		$0.00
58	DI WM FITTING, 8" 11.25° BEND	1	EACH	$590.00	$590.00	$400.00	$400.00		$0.00
59	DI WM FITTING, 16" 45° BEND	6	EACH	$1,750.00	$10,500.00	$1,500.00	$9,000.00		$0.00
60	DI WM FITTING, 16" 11.25° BEND	1	EACH	$1,750.00	$1,750.00	$1,500.00	$1,500.00		$0.00
61	FIRE HYDRANT ASSEMBLY COMP	2	EACH	$6,125.00	$12,250.00	$5,100.00	$10,200.00		$0.00
62	FIRE HYDRANT TO BE REMOVED	2	EACH	$750.00	$1,500.00	$650.00	$1,300.00		$0.00

63	TEMP FIRE HYDRANT FOR TESTING	1	EACH	$2,000.00	$2,000.00	$4,500.00	$4,500.00		$0.00
64	WATER MAIN ENCASEMENT	26	LF	$195.00	$5,070.00	$250.00	$6,500.00		$0.00
65	STANDARD TEST CONNECTION, 1"	1	EACH	$920.00	$920.00	$750.00	$750.00		$0.00
66	VALVE BOXES TO BE REMOVED	5	EACH	$565.00	$2,825.00	$200.00	$1,000.00		$0.00
67	FILLING VALVE VAULTS	1	EACH	$1,000.00	$1,000.00	$1,000.00	$1,000.00		$0.00
68	FILL & ABANDON WATERMAIN, 16"	546	LF	$11.50	$6,279.00	$20.00	$10,920.00		$0.00
69	DI SANITARY SEWER, P CL 350, 8"	689	LF	$158.00	$108,862.00	$77.00	$53,053.00		$0.00
70	DI SANITARY SEWER, P CL 350, 12"	174	LF	$260.00	$45,240.00	$135.00	$23,490.00		$0.00
71	DI SANITARY SEWER, P CL 350, 36"	1112	LF	$405.00	$450,360.00	$445.00	$494,840.00		$0.00
72	MANHOLE, TY A, 4' DIA, T1F&CL, BOLT DOWN	7	EACH	$8,200.00	$57,400.00	$5,500.00	$38,500.00		$0.00
73	MANHOLE, TY A, 5' DIA, T1F&CL, BOLT DOWN	2	EACH	$17,600.00	$35,200.00	$9,800.00	$19,600.00		$0.00
74	MANHOLE, TY A, 6' DIA, T1F&CL, BOLT DOWN	2	EACH	$29,000.00	$58,000.00	$18,700.00	$37,400.00		$0.00
75	SANITARY SEWER SERVICE REM & REPL	3	EACH	$11,000.00	$33,000.00	$17,000.00	$51,000.00		$0.00
76	MANHOLE TO BE ADJUSTED	5	EACH	$600.00	$3,000.00	$950.00	$4,750.00		$0.00
77	CLEANOUT TO BE REMOVED	1	EACH	$1,200.00	$1,200.00	$200.00	$200.00		$0.00
78	SANITARY MANHOLES TO BE REMOVED	25	EACH	$3,000.00	$75,000.00	$1,000.00	$25,000.00		$0.00
79	PLUG, FILL, & ABANDON SAN SEWER, 8"	459	LF	$5.50	$2,524.50	$10.00	$4,590.00		$0.00
80	PLUG, FILL, & ABANDON SAN SEWER, 12"	796	LF	$7.50	$5,970.00	$13.00	$10,348.00		$0.00
81	PLUG, FILL, & ABANDON SAN SEWER, 18"	399	LF	$12.00	$4,788.00	$17.00	$6,783.00		$0.00
82	PLUG, FILL, & ABANDON SAN SEWER, 20"	225	LF	$14.50	$3,262.50	$24.00	$5,400.00		$0.00
83	PLUG, FILL, & ABANDON SAN SEWER, 24"	514	LF	$20.00	$10,280.00	$47.00	$24,158.00		$0.00
84	PLUG, FILL, & ABANDON SAN SEWER, 30"	2696	LF	$23.00	$62,008.00	$51.00	$137,496.00		$0.00
85	TRAFFIC CONTROL COMPLETE	1	L. SUM	$100,000.00	$100,000.00	$200,000.00	$200,000.00		$0.00
	TOTALS				$2,069,517.80		$2,483,273.25		$0.00

The above prices are "as read" and are subject to approval by the City of Moline Engineering Department.

	Street	Water	WPC
Budgeted in 2014 CIP	280,000	300,000	900,000
IDOT River Dr Project		212,800	978,855
Moline River Dr Project	547,424	243,664	999,981
	(267,424)	(156,464)	(1,078,836)

ILLINOIS DEPARTMENT OF REVENUE
CONTRACTUAL AGREEMENT

Moline Police Department
1640 6th Avenue
Moline, IL 61265

Federal Employers Identification No.36-6005999 hereinafter referred to as Contractor or Vendor, and the State of Illinois, Department of Revenue, herein referred to as the Department, in consideration of the mutual covenant herein contained, agree as follows:

1. NATURE AND CONDITIONS OF ASSIGNMENT

The Contractor agrees to provide the following goods and/or services to the Department; which goods and/or services shall be expected to meet acceptable levels of performance:

In the event of a conflict between the State's and the Vendor's terms, conditions and attachments, the State's terms, conditions and attachments shall prevail.

A. The number of tobacco retailers affected by this Agreement is determined to be 54.

B. A Contractor not participating in the FY 2014 Tobacco Enforcement Program (July 1, 2013 - June 30, 2014) is required to participate in an Annual Conference Call to review program assurances. Conference calls will be scheduled for the beginning of August 2014. A Contractor participating in the FY 2015 Tobacco Enforcement Program will be given the opportunity to participate if they desire.

C. The Contractor is required to contact each tobacco retailer, informing them of their participation in the program and that minimum-age tobacco laws will be enforced. This contact may be in writing or in-person. A Contractor not participating in the FY 2014 Tobacco Enforcement Program is not allowed to initiate this contact until after their participation in the Annual Conference Call which will review the Tobacco Enforcement Program in detail.

D. The Contractor is required to distribute the Commission's Tobacco Retailer Kit to each tobacco retailer. A Contractor not participating in the FY 2014 Tobacco Enforcement Program must wait until after their participation in the Annual Conference Call to distribute the kits. A contractor must distribute the kits prior to the first round of compliance checks, regardless if the kits were distributed the previous year(s).

E. The Contractor will conduct three compliance checks on each tobacco retailer. The first round of compliance checks is due November 30, 2014; the second round of compliance checks is due February 28, 2015 and the third round of compliance checks is due May 31, 2015. Upon completion of each round of compliance checks, the Contractor will submit a *Tobacco Enforcement Program Summary Report*.

i) Contractors **not** participating in the program from the time period between July 1, 2013 and June 30, 2014 are required to issue written warnings for first round violations.

ii) Contractors participating in the program from the time period between July 1, 2013 and June 30, 2014 may elect to issue warnings or citations for first round violations.

iii) After the first round, all Contractors must assess monetary fines to all violators regardless if the tobacco retailer's first round compliance check resulted in a non-violation, warning or citation.

iv) The Contractor will recruit youth workers that are 16 or 17 years of age as the underage minor when conducting the required compliance checks.

v) Contractors receiving written permission from the Commission may elect to replace one round of retail compliance checks with one round of possession enforcement. Written permission from the Commission will include: the round of retail compliance checks which is to be replaced with possession enforcement; and the number of hours the Contractor will dedicate to possession enforcement. During possession enforcement, any minor found in possession will be given an "Illinois Tobacco Quitline" card to encourage access to cessation classes. The "Illinois Tobacco Quitline" cards will be provided to the Contractor by the Department.

F. Mandatory attendance or documentation of prior attendance at an Illinois Law Enforcement Training and Standards Board (ILETSB) state certified class for conducting compliance checks is required by at least one individual supervising your compliance checks. The Contractor may elect to attend a Commission sponsored class which meets the Tobacco Enforcement Program requirements and timelines. For Commission sponsored classes, the Commission assumes responsibility for all registration fees, however Contractors are responsible for their travel related costs.

G. As required by state law, Contractors must have written procedures for conducting compliance checks. Written procedures can be submitted after attending an ILETSB certified compliance check training class and are due no later than October 28, 2014.

H. The Contractor is required to show proof of insurance meeting the requirements in section **"12. Liability and Insurance"** of this contract. If during the contract time period the proof of insurance document provided expires, the Contractor will provide updated proof of insurance.

I. Request for Grant Payment will be made by the Commission immediately after the Contractor's scheduled time for the Annual Conference Call provided the Contractor is compliant with grant requirements.

i) Permissible expenditures of the grant payment include but are not limited to: payroll and payroll related expenses incurred individuals conducting work related to the grant requirements with the individuals including Administrative staff, enforcement officers and minors; travel related expenses including vehicle costs/maintenance; training cost for officers and/or minors; purchase of tobacco products and meal allowances; software and/or equipment purchase for training; equipment purchases for inspections; and educational and/or training materials to supplement the Tobacco Retailer Kit or other youth access prevention materials. Questions regarding acceptable expenditures should be directed to Jeff Barr of the Commission.

ii) Contractors receiving grants in excess of $25,000 must submit quarterly reports describing the progress of the program and the expenditure of grant funds.

iii) Grant funds must be expended by June 30, 2015.

iv) Any funds not expended by June 30, 2015 must be returned to the Commission within 45 days.

2. PAYMENT FOR SERVICES

The amount payable for the services rendered shall be $ 5940. No other charge by the Contractor may be paid for services rendered under this agreement without the written approval of the Department.

3. REIMBURSEMENT FOR EXPENSES

The Contractor will not be eligible for reimbursement by the Department of any expenses that the Contractor accrues in performance of this Agreement.

4. GEOGRAPHIC AREA SERVED

The Contractor shall accept assignments within the following geographic area: State of Illinois.

5. DURATION OF AGREEMENT

This agreement shall begin on August 1, 2014, and remain in effect until June 30, 2015Moline Police Department
1640 6th Avenue
Moline, IL 61265. No payment shall be made for services rendered prior to the effective date of this agreement.

6. TERMINATION

Each party reserves the right to terminate this contract at any time on 30 days written notice to the other party. In the event of default or non-compliance with the terms of this contract, it may be terminated immediately. In the event of termination, the Department shall not be liable for amounts other than payments for services hereunder which have accrued up to the date of termination.

7. TAX LAW COMPLIANCE

This contract is expressly conditioned upon the Contractor being and at all time remaining in compliance with all Illinois tax laws. The Department reserves the right to conduct tax law compliance checks to determine that the Contractor is in compliance with all Illinois tax laws. In the event the Department determines that the Contractor is not in compliance with all Illinois tax laws, this contract may be terminated immediately at the Department's option.

8. VOUCHERS

The Department shall submit, on behalf of the Contractor, vouchers for payments under this agreement monthly, semi-annually, or annually; the Contractor shall account for the completion of work on such forms and under such procedures as are required by the Department. Vouchers submitted more than thirty (30) days following termination of this agreement or later than thirty (30) days following the end of the fiscal year (June 30, 2015), will not be honored by the Department.

9. EMPLOYMENT STATUS

Contractor acknowledges that for purposes of the Illinois Pension Code, the State Employees' Group Insurance Program and other benefits provided to persons who are on the regular payroll of the State, the services rendered pursuant to this agreement are not rendered as an employee of the State and amounts paid pursuant to this agreement do not constitute compensation paid to an employee for such purposes.

10. LAWS OF ILLINOIS

This contract shall be governed by Illinois law and administrative rule including the Standard Procurement Rules. Any claim against the State arising out of this contract must be filed exclusively with the Illinois Court of Claims, or if jurisdiction is not accepted, then with the appropriate state or federal court located in Sangamon County, Illinois (705 ILCS 505/1).

11. CONFIDENTIALITY

1. CONFIDENTIALITY OF TAX RETURN INFORMATION. Services provided to the Department by Vendor may require Vendor to have access to and use of documents and data which may contain tax return information. Tax returns and tax return information are confidential and may not be disclosed under Illinois or federal law, including, but not limited to, 35 ILCS 5/917, 35 ILCS 120/11, 26 U.S.C. 7213, and 26 U.S.C. 7431. These statutes provide for the imposition of criminal penalties for improper disclosure of confidential tax return information. Vendor agrees that it shall keep confidential all tax returns and tax return information that it accesses and uses in performance of its services to the Department and will not provide it to any third party unless approved in writing by the Department. Vendor agrees to protect such information from unauthorized disclosure by it and its employees and by its corporate affiliates and their employees and to strictly limit access to such information to its personnel who require said information to perform their duties. Vendor further agrees to inform its personnel having access to such information of the confidential and statutorily protected nature of tax information and of the penalties associated with improper use or disclosure of such information.

2. CONFIDENTIALITY OF PROCESSES AND PROCEDURES. Services provided to the Department by Vendor may require Vendor to have access to and use of processes and procedures employed by the Department in its administration of the Illinois tax acts. These processes and procedures are the property of the Department and are highly confidential. Vendor agrees that it shall keep confidential any and all information concerning such systems, processes, and procedures and will not provide it to any third party. Vendor further agrees to protect such information from unauthorized disclosure by Vendor and its employees and by Vendor's corporate affiliates and their employees and to strictly limit access to such information to its personnel who require said information to perform their duties.

12. LIABILITY AND INSURANCE

The State does not assume any liability for acts or omissions of Contractor and such liability rests solely with Contractor. The State is unable to indemnify or hold harmless any contractor for claims based on the State's use of the contractor provided goods and services including software. Any liability for damages that the State might have is expressly limited by and subject to the provisions of the Illinois Court of Claims Act and to the availability of suitable appropriations. Contractor shall carry public liability, casualty and auto insurance in sufficient amount to protect the State from liability for acts of Contractor. Minimum acceptable coverage for bodily injury shall be $250,000 per person and $500,000 per occurrence and for property damage, $100,000 per occurrence. Contractor shall carry Worker's Compensation Insurance in amount required by law.

If risk of loss transfers before delivery and installation at State's site, Contractor shall procure insurance chargeable to the State to cover all reasonable risks.

The State may self-insure against any and all risks.

13. APPLICABLE LAW

This agreement and contractor’s obligations and services hereunder are hereby made and must be performed in compliance with all applicable federal and state laws. This agreement shall be construed in accordance with the laws of the State of Illinois.

14. LEGAL ABILITY TO CONTRACT: Vendor certifies it is under no legal prohibition on contracting with the State of Illinois, has no known conflicts of interest and further specifically certifies that:

a. Vendor, its employees and subcontractors will comply with applicable provisions of the U.S. Civil Rights Act, Section 504 of the Federal Rehabilitation Act, the Americans with Disabilities Act (42 U.S.C. § 12101 et seq.) and applicable rules in performance under this Contract.

b. Vendor is not in default on an educational loan (5 ILCS 385/3).

c. Vendor (if an individual, sole proprietor, or partner) has informed the director of the Agency in writing if he/she was formerly employed by that agency and has received an early retirement incentive prior to 1993 under Section 14-108.3 or 16-133.3 of the Illinois Pension Code, 40 ILCS 5/14-108.3 and 40 ILCS 5/16-133.3, and acknowledges that contracts made without the appropriate filing with the Auditor General are not payable from the “contractual services” or other appropriation line items. Vendor has not received an early retirement incentive on or after 2002 under Section 14-108.3 or 16-133.3 of the Illinois Pension Code, 40 ILCS 5/14-108.3 and 40 ILCS 5/16-133.3, and acknowledges that contracts in violation of Section 15a of the State Finance Act are not payable from the “contractual services” or other appropriation line items (30 ILCS 105/15a).

d. Vendor certifies (i) that it will offer to assume the collective bargaining obligations of the prior employer, including any existing collective bargaining agreement with the bargaining representative of any existing collective bargaining unit or units performing substantially similar work to the services covered by the contract subject to its bid or offer, and (ii) that it shall offer employment to all employees currently employed in any existing bargaining unit performing substantially similar work that will be performed under this contract (30 ILCS 500/25-80).

e. Vendor has not been convicted of bribing or attempting to bribe an officer or employee of the State of Illinois or any other State, nor has Vendor made an admission of guilt of such conduct that is a matter of record (30 ILCS 500/50-5).

f. If Vendor has been convicted of a felony, at least five years have passed after the date of completion of the sentence for such felony, unless no person held responsible by a prosecutor's office for the facts upon which the conviction was based continues to have any involvement with the business (30 ILCS 500/50-10).

g. If Vendor, or any officer, director, partner, or other managerial agent of Vendor, has been convicted of a felony under the Sarbanes-Oxley Act of 2002, or a Class 3 or Class 2 felony under the Illinois Securities Law of 1953, at least five years have passed since the date of the conviction. Vendor further certifies that it is not barred from being awarded a contract and acknowledges that the State shall declare the Contract void if this certification is false (30 ILCS 500/50-10.5).

h. Vendor and its affiliates are not delinquent in the payment of any debt to the State (or if delinquent has entered into a deferred payment plan to pay the debt), and Vendor and its affiliates acknowledge the State may declare the Contract void if this certification is false (30 ILCS 500/50-11) or if Vendor or an affiliate later becomes delinquent and has not entered into a deferred payment plan to pay off the debt (30 ILCS 500/50-60).

i. Vendor and all affiliates shall collect and remit Illinois Use Tax on all sales of tangible personal property into the State of Illinois in accordance with provisions of the Illinois Use Tax Act (30 ILCS 500/50-12) and acknowledges that failure to comply can result in the Contract being declared void.

j. Vendor certifies that it has not committed a willful or knowing violation of the Environmental Protection Act (relating to Civil Penalties under the Environmental Protection Act) within the last five years, and is therefore not barred from being awarded a contract. If the State later determines that this certification was falsely made by the Vendor, the Vendor acknowledges that the State may declare the Contract void (30 ILCS 500/50-14).

k. Vendor has not paid any money or valuable thing to induce any person to refrain from bidding on a State contract, nor has Vendor accepted any money or other valuable thing, or acted upon the promise of same, for not bidding on a State contract (30 ILCS 500/50-25).

l. Vendor is not in violation of the "Revolving Door" section of the Illinois Procurement Code (30 ILCS 500/50-30).

m. Vendor will report to the Illinois Attorney General and the Chief Procurement Officer any suspected collusion or other anti-competitive practice among any bidders, offerors, contractors, proposers or employees of the State (30 ILCS 500/50-40, 50-45, 50-50).

n. In accordance with the Steel Products Procurement Act, steel products used or supplied in the performance of a contract for public works shall be manufactured or produced in the United States, unless the executive head of the procuring agency grants an exception (30 ILCS 565).

o. Vendor will, pursuant to the Drug Free Workplace Act, provide a drug free workplace and Vendor and its employees shall not engage in the unlawful manufacture, distribution, dispensation, possession or use of a controlled substance during the performance of the Contract. This certification applies to contracts of $5000 or more with individuals; and to entities with 25 or more employees (30 ILCS 580).

p. Neither Vendor nor any substantially owned affiliate is participating or shall participate in an international boycott in violation of the U.S. Export Administration Act of 1979 or the applicable regulations of the U.S. Department of Commerce. This certification applies to contracts that exceed $10,000 (30 ILCS 582).

q. Vendor has not been convicted of the offense of bid rigging or bid rotating or any similar offense of any state or of the United States (720 ILCS 5/33 E-3, E-4).

r. Vendor complies with the Illinois Department of Human Rights Act and rules applicable to public contracts, including equal employment opportunity, refraining from unlawful discrimination, and having written sexual harassment policies (775 ILCS 5/2-105).

s. Vendor does not pay dues to, or reimburse or subsidize payments by its employees for any dues or fees to any "discriminatory club" (775 ILCS 25/2).

t. Vendor complies with the State Prohibition of Goods from Forced Labor Act, and certifies that no foreign-made equipment, materials, or supplies furnished to the State under the Contract have been or will be produced in whole or in part by forced labor, or indentured labor under penal sanction (30 ILCS 583).

u. Vendor certifies that no foreign-made equipment, materials, or supplies furnished to the State under the Contract have been produced in whole or in part by the labor or any child under the age of 12 (30 ILCS 584).

v. Vendor certifies that it is not in violation of Section 50-14.5 of the Illinois Procurement Code (30 ILCS 500/50-14.5) that states: "Owners of residential buildings who have committed a willful or knowing violation of the Lead Poisoning Prevention Act (410 ILCS 45) are prohibited from doing business with the State until the violation is mitigated".

w. Vendor warrants and certifies that it and, to the best of its knowledge, its subcontractors have and will comply with Executive Order No. 1 (2007). The Order generally prohibits Vendors and subcontractors from hiring the then-serving Governor's family members to lobby procurement activities of the State, or any other unit of government in Illinois including local governments if that procurement may result in a contract valued at over $25,000. This prohibition also applies to hiring for that same purpose any former State employee who had procurement authority at any time during the one-year period preceding the procurement lobbying activity.

x. In accordance with Public Act 095-0307, all information technology, including electronic information, software, systems and equipment, developed or provided under this contract must comply with the applicable requirements of the Illinois Information Technology Accessibility Act Standards as published at www.dhs.state.il.us/iitaa.

y. Vendor has disclosed if required, on forms provided by the State, and agrees it is under a continuing obligation to disclose to the State, financial or other interests (public or private, direct or indirect) that may be a potential conflict of interest or which would prohibit Vendor from having or continuing the Contract. This includes, but is not limited to conflicts under the "Infrastructure Task Force Fee Prohibition" section of the State Finance Act (30 ILCS 105/8.40), Article 50 of the Illinois Procurement Code (30 ILCS 500/50), or those which may conflict in any manner with the Vendor's obligation under this Contract. Vendor shall not employ any person with a conflict to perform under this Contract. If any elected or appointed State officer or employee, or the spouse or minor child of same has any ownership or financial interest in the Vendor or the Contract, Vendor certifies it has disclosed that information to the State if required, on forms provided by the State, and any waiver of the conflict has been issued in accordance with applicable law and rule. A waiver is required if:

a) the person intending to contract with the State, their spouse or child: (i) holds an elective office in Illinois; (ii) holds a seat in the Illinois General Assembly; (iii) is an officer or employee of the Capital Development Board or the Illinois Toll Highway Authority; or holds an appointed position or is employed in any of the offices or agencies of the State government and who receives compensation for such employment in excess of 60% of the salary of the Governor (currently $106,447.20). (The conflict of interest threshold of 60% of the Governor's salary set forth in Section 50-13 does not apply to elective office holders, legislators, and officers or employees of the Capital Development Board or the Illinois Toll Highway Authority.);

b) the contract is with a firm, partnership, association or corporation in which a person referenced in a) above receives more than 7.5% of the total distributable income or an amount in excess of the salary of the Governor (currently $177,412.00).

c) the contract is with a firm, partnership, association or corporation in which a person referenced in b) above, together with their spouse or minor child, receives more than 15% in the aggregate of the total distributable income or an amount in excess of 2 times the salary of the Governor (currently $354,824.00) from the firm, partnership, association or corporation.

z. Vendor, as defined in Public Act 95-971, certifies that it has read, understands, and is in compliance with the Act and will not make a contribution that will violate the Act. In general, Public Act 95-0971 contains new registration and reporting requirements for certain Vendors, as well as limitations on political contributions by certain Vendors and their affiliates. These requirements shall be effective for the duration of the term of office of the incumbent Governor or for a period of 2 years after the end of the contract term, whichever is longer.

Vendor certifies, in accordance with Public Act 95-971, as applicable:

☐ Vendor is not required to register as a business entity with the State Board of Elections.

or

☐ Vendor has registered as a business entity with the State Board of Elections and acknowledges a continuing duty to update the registration as required by the Act. A copy of the certificate of registration is attached.

Vendor acknowledges that the State may declare this Contract void without any additional compensation due to the Vendor if this foregoing certification is false or if the Vendor (or any of its Affiliated Persons or Entities) engages in conduct that violates Public Act 95-0971.

15. BACKGROUND CHECK

The State may conduct criminal and driver history background checks of VENDOR'S officers, employees or agents who would directly supervise or physically perform the CONTRACT requirements at State facilities. Any such officer, employee or agent deemed unsuitable by the State must be replaced immediately.

16. AVAILABILITY OF APPROPRIATIONS (30 ILCS 500/20-60)

AGENCY shall use its best efforts to secure sufficient appropriations to fund this CONTRACT. However, the AGENCY'S obligations hereunder shall cease immediately, without penalty or further payment being required, if the Illinois General Assembly or federal funding source fails to make an appropriation sufficient to pay such obligation. The AGENCY shall determine whether amounts appropriated are sufficient. AGENCY shall give VENDOR notice of insufficient funding as soon as practicable. VENDOR'S obligation to perform shall cease upon receipt of the notice.

17. SOLICITATION AND EMPLOYMENT

VENDOR shall not employ any person employed by the AGENCY at any time during the term of this CONTRACT to perform any work required by the terms of this CONTRACT. As a condition of this CONTRACT, the VENDOR shall give notice immediately to the AGENCY'S director if VENDOR solicits or intends to solicit for employment any of the AGENCY'S employees during the term of this CONTRACT. AGENCY has no authority to contractually refuse to hire VENDOR'S employees who apply to the State for employment.

18. FISCAL FUNDING

Obligations of the State will cease immediately without penalty of further payment being required if in any fiscal year the Illinois General Assembly funding source fails to appropriate or otherwise make available sufficient funds for this agreement.

19. SUBCONTRACTING AND ASSIGNMENTS

Subcontracting, assignment or transfer of all or part of the interests of contractor in the work covered by this agreement shall be prohibited without prior written consent of the department. In the event the department gives such consent, the terms and conditions of this agreement shall apply to and bind the party or parties to whom such work is subcontracted, assigned, or transferred as fully and completely as contractor is hereby bound and obligated. Any contract with a subcontractor shall provide that the subcontractor shall maintain, for a minimum of five (5) years after the completion of the subcontract, adequate books, records and supporting documents to verify the amounts, recipients, and uses of all disbursements of funds passing in conjunction with the contract and that the Department of Revenue and Auditor General shall have the right to audit the books, records and supporting documents of any subcontractor within said five (5) year period. The contract shall also provide, that the subcontractor will fully cooperate with the department or Auditor General during the course of any audit.

20. **BREACH**

Failure of Contractor to perform as specified is cause for immediate termination of the contract at the option of the department, without limitation upon any other relief available to the department.

21. **RIGHT TO AUDIT**

The Vendor is required to permit the grantor agency, the Auditor General, or the Attorney General to inspect and audit any books, records, or papers related to the program, project, or use of which grant funds were provided.

AUDIT/RETENTION OF RECORDS (30 ILCS 500/20-65): Vendor and its subcontractors shall maintain books and records relating to the performance of the contract or subcontract and necessary to support amounts charged to the State under the contract or subcontract. Books and records, including information stored in databases or other computer systems, shall be maintained by the Vendor for a period of three years from the later of the date of final payment under the contract or completion of the contract, and by the subcontractor for a period of three years from the later of final payment under the term or completion of the subcontract. If federal funds are used to pay contract costs, the Vendor and its subcontractors must retain its records for five years. Books and records required to be maintained under this section shall be available for review or audit by representatives of: the procuring Agency, the Auditor General, the Executive Inspector General, the Chief Procurement Officer, State of Illinois internal auditors or other governmental entities with monitoring authority, upon reasonable notice and during normal business hours. Vendor and its subcontractors shall cooperate fully with any such audit and with any investigation conducted by any of these entities. Failure to maintain books and records required by this section shall establish a presumption in favor of the State for the recovery of any funds paid by the State under the contract for which adequate books and records are not available to support the purported disbursement. The Vendor or subcontractors shall not impose a charge for audit or examination of the Vendor's books and records.

"The Vendor certifies under oath that all information I the grant agreement is true and correct to the best of the vendor's knowledge, information, and belief; that the funds shall be used only for the purposes described in the grant agreement; and that the award of the grant funds is conditioned upon such certification."

Executed this ____________ day of __________________, 20_____.

______________________	______________________
Contractor	Manager, Department of Revenue
______________________	Laura Murphy
Contractor, (printed name)	Manager, Department of Revenue (printed name)
______________________	______________________
Title	Date
______________________	
Date	
	______________________
	Director, Department of Revenue
	______________________
	Printed Name
	______________________
	Date

TAXPAYER IDENTIFICATION NUMBER

I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and

2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and

3. I am a U.S. person (including a U.S. resident alien).

- *If you are an individual, enter your name and SSN as it appears on your Social Security Card.*
- *If you are a sole proprietor, enter the owner's name on the name line followed by the name of the business and the owner's SSN or EIN.*
- *If you are a single-member LLC that is disregarded as an entity separate from its owner, enter the owner's name on the name line and the d/b/a on the business name line and enter the owner's SSN or EIN.*
- *If the LLC is a corporation or partnership, enter the entity's business name and EIN and for corporations, attach IRS acceptance letter (CP261 or CP277).*
- *For all other entities, enter the name of the entity as used to apply for the entity's EIN and the EIN.*

Name:
Business Name: Moline Police Department
Taxpayer Identification Number: 36-6005999
Social Security Number
or
Employer Identification Number:

Legal Status (*check one*):

☐ Individual

☐ Sole Proprietor

☐ Partnership

☐ Legal Services Corporation

☐ Tax-exempt

☐ Corporation providing or billing medical and/or health care services

☐ Corporation NOT providing or billing medical and/or health care services

☒ Governmental

☐ Nonresident alien

☐ Estate or trust

☐ Pharmacy (Non-Corp.)

☐ Pharmacy/Funeral Home/Cemetery (Corp.)

☐ Limited Liability Company (select applicable tax classification)
- ☐ D = disregarded entity
- ☐ C = corporation
- ☐ P = partnership

Signature: ______________________________ **Date:** ______________

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AGREEMENT TO PROVIDE CONSULTING SERVICES

THIS AGREEMENT is made and entered into this 1st day of August, 2014, by and between the CITY OF MOLINE (the City) and TN RJLEE & ASSOCIATES, LC (RJLee).

WHEREAS, the City desires to receive professional consulting services for its Employee Benefit Program (the Program), including coverage for life, medical, dental, prescription drugs and, upon request, other benefit programs; and

WHEREAS, RJLee is engaged in the business of advising its clients on their benefit plan needs and procuring coverage on behalf of its clients as a consultant;

THEREFORE, RJLee desires to provide certain consulting services and the City desires to have RJLee provide such consulting services in accordance with the following terms.

I. TERM & TERMINATION

A. TERM

This Agreement shall be effective for an initial term commencing August 1, 2014 and shall remain in full force and effect until July 31, 2015 (Initial Term). At the expiration of the Initial Term, this Agreement shall automatically renew for additional 1-year periods (the "Renewal Terms") or until terminated as provided herein, whichever comes first; provided however, that the Initial Term and any Renewal Terms shall not exceed a total of 5 years from the date of this agreement. The annual fee charged for consulting services may be changed by amendment upon written agreement by both parties.

B. TERMINATION

Either party may terminate this Agreement with or without cause upon the conclusion of the initial term or the conclusion of any successive renewal term by providing thirty (30) days prior written notice. In the event either party materially breaches this Agreement at any time, this Agreement shall terminate upon the failure of the breaching party to remedy the breach within thirty (30) days of receipt of written notice of the breach.

II. AGREEMENT

A. OBLIGATIONS OF RJLEE

1. Financial Reports

RJLee will prepare regular financial reports (usually quarterly) analyzing claims experience, benefits paid, contributions, administrative expenses, and other relevant items that pertain to the plans, based on data that are available from the City and the carrier or third party administrator, and subject to the terms of the funding method in force and data available from the carrier or third party administrator.

2. Consultation

RJLee will be available for consultation on most aspects of the plan's operation, including claims, reserves and insurance company performance, as well as the plan's overall progress and development.

RJLee is available to consult with the City's legal counsel and the plan administrator regarding changes to be made in the plan of benefits and eligibility for such benefits.

3. Benefit Changes

RJLee will provide advice and then take appropriate action as authorized by the City for implementing any benefit changes, including revision in premium and plan recordkeeping procedures, master policy certificates, and plan amendments or modifications.

4. Insurance Company Negotiations

As authorized by the City, RJLee will negotiate with the insurance companies to obtain appropriate adjustments. In the event that an insurance company's proposed annual retention is not consistent with its projection or if the renewal premium rates do not appear justified by claims experience, we will attempt to obtain more favorable results for the plan. An annual renewal report will be prepared for the City.

5. Self-Insured Benefits

For all benefits self-funded by the City, RJLee will calculate the appropriate reserve and claims trend factors to be taken into account from a sound planning and policy point of view. We will negotiate with the third party administrator and reinsurance company to obtain more favorable results for the plan to reduce non-recoverable costs.

6. <u>COBRA</u>

RJLee will review the rates charged for COBRA continuation coverage.

7. <u>Communication with Participants</u>

RJLee will be available for consultation with the City, legal counsel or the plan administrator to assist in drafting notices to plan participants about plan or administrative changes. RJLee also will review all policies and amendments drafted by the City's administrator or insurer.

8. <u>Administrative Support</u>

RJLee shall continue to be available for consultation with the plan administrator/insurer, as requested, with regard to routine changes in forms and procedures, as well as general recordkeeping. Compliance with the recordkeeping requirements of laws or regulations are matters subject to the advice of legal counsel and the City. However, RJLee shall be available for consultation in this regard from a non-legal standpoint.

RJLee will be available for consultation and will assist in preparation of meeting agendas to aid the City in reaching decisions that arise in the course of plan operation, or that flow from quarterly reports, plan design or administration questions, national and industry trends, or public policy.

9. <u>Coordination with Other Professional Advisors</u>

RJLee will, as appropriate, coordinate efforts with those of legal counsel, the plan administrator and the auditor, regarding policy matters of interest to the City and the efficient operation of the plans.

10. <u>Legislation, Benefits, Plan Design</u>

RJLee shall continue to keep the City apprised of new developments in the employee benefits field that may bear upon the City's planning and policy decisions as RJLee becomes aware of them. Questions on the interpretation and application of laws, regulations, rulings and court decisions are a legal matter, subject to legal counsel's advice.

11. <u>Meetings</u>

RJLee will attend all regularly scheduled insurance committee meetings and City Council meetings as requested per contract year with the City as requested. Between meetings, RJLee is continually available for consultation by phone, fax, email or mail with the City, plan administrator and the plan's other professional advisors. Costs of attendance at additional meetings may be billed based upon actual time and travel expense.

Other Supplemental Services

The preceding list of services describes the matters that regularly arise in the course of the plan's annual operations that call for general consulting services. However, it is difficult to predict in advance whether the City's plan will be involved in complicated, time consuming special problems and, if so, to what extent.

If our assistance involves services which are beyond our regular services, then we would provide such services within the scope of this retainer. If, on the other hand, the occasion requires the expenditure of time not anticipated within this retainer, we would proceed only after consultation with the City. Our compensation for such agreed upon supplementary services will be based on our regular time-charge rates. Some examples of supplementary consulting services that might be required by the plan include:

1. Support for litigation, law suits or arbitration
2. Drafting revised Summary Plan Descriptions or plan documents, subject to legal counsel's and the City's approval
3. Services involving special claims audits
4. Conducting a Request for Proposal process more frequently than every other year

B. OBLIGATIONS OF THE CITY

1. RJLee shall be compensated for consulting services related to the City's plan as outlined in Exhibit A.

2. It is understood both by the City and by RJLee that RJLee receives no compensation from any source other than the City for providing consulting services to the City.

3. The City agrees to provide RJLee with such financial and other records related to the plan so as to allow RJLee to prepare accurate and timely reports concerning the plan's operations.

C. MUTUAL OBLIGATIONS

1. Ownership of Records and Documents

All books, records, lists of names, journals, ledgers and other recorded information developed specifically in connection with the administration of the City shall always be and remain the property of the City. However, any information, data or products that are proprietary to RJLee shall remain the property of RJLee.

RJLee agrees to keep all such material confidential and not to reproduce, disclose or disseminate the material or the information contained therein to third parties without the prior written consent of the City. Upon termination of this Agreement for any reason, RJLee shall immediately return all such material and any copies thereof to the City.

2. Waiver of Nonperformance

No waiver of any default in performance on the part of RJLee or like waiver by the City or any breach or a series of breaches of any of the terms, covenants or conditions of this Agreement shall constitute a waiver of any subsequent breach or a waiver of said terms, covenants or conditions. Resort to any remedies referred to herein shall not be construed as a waiver of any other rights and remedies to which either party is entitled under this Agreement or otherwise.

3. Partial Invalidity

Should any part of this Agreement, for any reason, be declared invalid by a court of competent jurisdiction, the remaining portion shall remain in full force and effect as if this Agreement had been executed without the invalid portion.

4. Governing Law

The validity, interpretation and performance of this Agreement shall be controlled and construed according to the internal laws of the State of Illinois.

5. Successors

This Agreement shall be binding upon and shall inure to the benefit of all assigns, transferees and successors in the interest of the parties hereto.

6. Entire Agreement, Modification or Amendment

This Agreement represents the entire and exclusive statement of the agreement of the parties and may be modified or amended only by a written statement signed by both parties. Such modification or amendment shall be attached to, and shall thereupon become a part of this Agreement.

7. Headings

Headings herein are for convenience of reference only and shall not be considered in any interpretation of this Agreement.

8. Practice of Law

It is understood and agreed that RJLee will not perform, and the City will not request, performance of any services which may constitute the unauthorized practice of law.

9. Counterparts

This Agreement may be executed by the parties in several counterparts, each of which shall be deemed to be an original copy.

10. Subcontracting

RJLee will not subcontract any or all of the services required to be performed hereunder without the written consent of the City.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first written above.

CITY OF MOLINE

Signature Date

Title

TN RJLEE & ASSOCIATES, LC

Signature 7/3/2014
PARTNER Date

EXHIBIT A

We propose to provide annual consulting services for the period 2014-15 (8/1/2014-7/31/2015) year for $22,000. This agreement will include one Request for Proposal on the Medical Plan, Flexible Benefits (Section 125) Plan, Dental Plan and Vision Plan for no additional fee. If more than one Request for Proposal is performed during the term of this agreement, a mutually agreed upon fee will be charged.

CITY OF MOLINE
POLICE AND FIREFIGHTERS' PENSON FUNDING POLICY

1.0 Applicability

This policy applies to the calculation of the City of Moline's annual employer contribution to the Moline Police Pension Fund, a police pension trust fund organized under Article III of the Illinois Pension Code, and to the Moline Firefighters' Pension Fund, a pension trust fund organized under Article IV of the Illinois Pension Code.

2.0 Background

The financial objective of a defined benefit pension plan is to fund the long-term cost of benefits provided to the plan participants. In order to assure that the plans are financially sustainable, the plan should accumulate adequate resources in a systematic and disciplined manner over the active service life of benefitting employees. This funding policy outlines the method the City will utilize to determine its actuarially determined employer contribution to the Moline Police and Moline Firefighters' Pension Funds to fund the long-term cost of benefits to the plan participants and annuitants. The City believes that this funding policy meets the guidelines for state and local governments set by the Pension Funding Task Force convened by the Center for State and Local Government Excellence. The guidelines set by this task force outline the following objectives for pension funding policy:

● **Actuarially Determined Contributions.** A pension funding plan should be based upon an actuarially determined annual recommended contribution that incorporates both the cost of benefits in the current year and the amortization of the plan's unfunded actuarial accrued liability.

● **Funding Discipline**. A commitment to make timely, actuarially determined contributions to the retirement system is needed to ensure that sufficient assets are available for all current and future retirees.

● **Intergenerational equity**. Annual contributions should be reasonably related to the expected and actual cost of each year of service so that the cost of employee benefits is paid by the generation of taxpayers who receives services from those employees.

● **Contributions as a stable percentage of payroll**. Contributions should be managed so that employer costs remain consistent as a percentage of payroll over time.

● **Accountability and transparency**. Clear reporting of pension funding should include an assessment of whether, how, and when the plan sponsor will ensure sufficient assets are available for all current and future retirees.

3.0 <u>Policy</u>

3.1 Annual Employer Contribution

The City will determine its annual employer contribution to the Moline Police and Moline Firefighters' Pension Funds using the following principles:

a. The annual recommended employer contribution will be calculated by an enrolled actuary.
b. The annual recommended employer contribution will include the normal cost for current service and amortization to collect or refund any under- or over-funded amount.
c. The normal cost will be calculated using the entry age normal level of percentage of payroll actuarial cost method using the following assumptions:

  i. Economic assumptions such as the investment rate of return and salary increase will be reviewed with the actuary to confirm they still reflect the best anticipated experience.
  ii. Non-economic assumptions, such as rates of separation, disability, retirement, mortality, etc., shall be determined by City management in consultation with the actuary to reflect current experience.

d. The difference between the accrued liability and actuarial value of assets will be amortized to achieve 100% funding by 2041 (a 30 year closed period that began in 2011) based upon a level percentage of payroll.
e. Actuarial assets will be determined using the asset smoothing method.

The City will issue through the property tax levy each December an amount that, when combined with any other source of City contributions to the pension fund, equals the actuarially recommended contribution. Upon receipt, the money will promptly be deposited in the Moline Police and Moline Firefighters' Pension Funds.

3.2 Transparency and Reporting

Funding of the Moline Police and Moline Firefighters' Pension Funds should be transparent to vested parties including plan participants, annuitants, the Moline Police and Moline Firefighters' Pension Fund Boards of Trustees, the City Council, and Moline residents. In order to achieve this transparency, the following information shall be distributed:

a. A copy of the annual actuarial valuation for the Moline Police and Moline Firefighters' Pension Funds shall be made available to the City Council and the Moline Police and Firefighters' Pension Fund Boards of Trustees.

b. The City's Comprehensive Annual Financial Report shall be published on its website. This report includes information on the City's annual contribution to the Moline Police and Moline Firefighters' Pension Funds, and funded status of the Moline Police and Moline Firefighters' Pension Fund.

c. Each year, the City Council shall approve the City's annual employer contribution to the Moline Police and Moline Firefighters' Pension Funds.

d. The City's annual operating budget shall include the City's employer contribution to the Moline Police and Moline Firefighters' Pension Funds as well as individual budgets for the Moline Police and Moline Firefighters' Pension Funds. The budgets for the Moline Police and Moline Firefighters' Pension Funds are controlled by the respective Board of Trustees in accordance with state law. The budget document shall be published on the City website and made available for public inspection at the City Clerk's Office at City Hall.

3.3 Review of Funding Policy

Funding a defined benefit pension plan requires a long-term horizon. As such, the City will review this policy at least every five years to determine if changes to this policy are needed to ensure adequate resources are being accumulated in the Moline Police and Moline Firefighters' Pension Funds. The City reserves the right to make changes to this policy at any time if it is deemed appropriate.

3.4 Assumptions of the Funding Policy

Assumptions and inputs into the policy should focus on long-term trends, not year-to-year shifts in the economic or non-economic environments. Generally, assumptions or inputs should be evaluated and changed if long-term economic or noneconomic inputs have fundamentally changed or are no longer reasonable. The City of Moline will review the actuarial assumptions at a minimum of five years to insure that long-term trends in demographics and economics are not shifting. The review will incorporate not only a review of the experience seen with the Illinois Police and Firefighters' pension funds, but will also draw on the experience in the City of Moline where appropriate. The City will maintain a document detailing the assumptions and the method by which they were selected.

Approved by the City Council on XX-XX-2014

City of Moline

NEW PENSION ACCOUNTING AND REPORTING STANDARDS

GASB 67 & GASB 68

History Pension Funding

- Pay as you go funding for public sector pension plans prior to the 1970s
- Steps to advance fund with passage of ERISA in 1974
- GASB 25 and 27 in 1994 required disclosure of plan assets and liabilities and the ARC and whether or not employer was funding ARC (NPO/NPA)
- Many plans near 80% or higher funding by 2000.
- Economic upheaval of last decade reduced average funding of plans to 50% or lower.

Pension Funding Policies

GASB 67 and 68 now focus on accounting of plan assets

No longer an ARC but ADC (Actuarially Determined Contribution)

Elimination of NPO/NPA and now show NPL (Net Pension Liability)

Misconceptions

- GASB is requiring increased funding
- Government Pensions now required to use lower discount rates
- Discount rate is based on funding ratio (low ratio =lower discount rate)

ALL OF THIS IS NOT TRUE

Change in Concept

- More prominent disclosure
- Shift from Income Statement focus to Balance Sheet focus
- Purely accounting/reporting changes

Summary

- Good
  - Keeps reasonable discount rate
  - We have new terminology!
- Bad
  - Pension funding no longer equals pension accounting (VERY DIFFICULT TO EXPLAIN)
  - We have new terminology!
- Ugly
  - More complexity to a complex topic

Changes: Terminology

Current	New	Definition
Actuarial Accrued Liability (AAL)	Total Pension Liability (TPL)	Usually close to same number
Unfunded AAL (UAAL)	Net Pension Liability (NPL)	Close to same number, but now reported on B/S and based on market value
Normal Cost	Service Cost	Same, annual benefit cost
Annual Required Contribution (ARC)	N/A	Was contribution and reported expense, now obsolete
N/A	Pension Expense	Annual change in NPL
Net Pension Obligation (NPO)	N/A	Was running total of underfunding vs. ARC, now obsolete

Changes: Pension Expense

Current	New	Result
Annual Required Contribution (ARC) = Normal Cost + UAAL amortization	Pension Expense = Service Cost + Interest Cost + Changes in Total Pension Liability	1: Must keep two sets of numbers 2: Expense will be very volatile year-to-year 3: Expense may be negative 4: Full amount of all benefit changes (for active and retirees) are recognized immediately
Use smoothed assets (AVA)	Use Market Value (MVA)	
ARC generally = Contribution to plan	Contribution will not equal Expense	

Changes: Balance Sheet

Current	New	Result
Net Pension Obligation (NPO) = accumulated difference between ARC and contributions	Unfunded liability reported on balance sheet; NPL + "deferred inflows/outflows"	Unrecognized changes in assets and liabilities may have smoothing effect on balance sheet
	Deferred inflows/outflows: Deferred investment gains/losses, plus deferred active liability gains/loss and assumption changes	

Changes: Actuarial Cost

Current	New	Result
Choice of various cost methods (Aggregate, Entry Age Normal, Projected Unit Cost)	Individual Entry Age Normal required for all	For most plans, no change at all, for others could be an increase or decrease in TPL

Changes: Unfunded Liability

Current	New
UAAL = AAL - AVA	NPL = TPL – MVA
Funded Ratio = AVA / AAL	Funded Ratio = MVA / TPL

- Plan assets will use market value, not actuarial value
- This will cause the reported liability to increase if market value < actuarial value
- UAAL – Unfunded Actuarial Accrued Liability
- AAL – Actuarial Accrued Liability
- AVA – Actuarial (smoothed) Value of Assets
- MVA – Market Value of Assets

Changes: Discount Rate

Continue to use the expected return on investments as the discount rate. However, the actuary must be able to document the discount rate being used will achieve 100% by 2041.

Presentation: Financial Statements

- Basic Statements
  - NPL recorded on Balance Sheet
  - Pension Expense calculated differently

- New RSI
  - Ten year schedule of NPL changes, funding status, and unfunded liability as % of payroll
  - Ten year schedule of actuarial/non-actuarially calculated contributions

Presentation: Footnotes

- New Disclosures
  - Plan description (Terms, employees covered, contribution requirements)
  - NPL information (assumptions, discount rate, etc)
  - Pension plan's fiduciary net position
  - Changes in the collective Net Pension Liability
  - Five year schedule of deferred inflows and outflows
  - Measurement date
  - Changes in assumptions

Funding Policy: Requirement

- With it's new accounting standards, the Governmental Accounting Standards Board (GASB) has divorced pension accounting from pension funding.
- The actuarially required contribution is no longer defined by GASB.
- Thus the City will need to develop a funding policy to define the actuarially recommended contribution.
- Will now have two separate actuarial valuations – one for funding and one for accounting.

Pension Funding Policies

Pension Funding Task Force Established and Recommended:

1. Pension Funding Policy based on actuarially determined contribution (ADC)
2. Building funding discipline into policy to ensure promised benefits can be paid
3. Maintain intergenerational equity so cost of benefits is paid by generation who receives it
4. Make employer costs a consistent percent of payroll
5. Require clear reporting to show how pension plans will be funded.

Effective Dates

- □ GASB 67 – Pension Plan Accounting – effective for fiscal years beginning after 6/15/13
- □ Would be 12/31/14 for Moline
- □ GASB 68 – Employer Accounting – effective for fiscal years beginning after 6/15/14
- □ Would be 12/31/15 for Moline

CITY OF MOLINE
POLICE PENSION FUND

ACTUARIAL VALUATION
AS OF JANUARY 1, 2014 FOR THE
FISCAL YEAR ENDING DECEMBER 31, 2014

June 12, 2014

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ACTUARIAL STATEMENT

TCG Public Consulting, Ltd. was retained by the **City of Moline** to perform an independent actuarial valuation for the Police Pension Fund. This valuation is permitted under 40 ILCS 5/22, Section 503.2.

The actuarial valuation was performed for the year ended December 31, 2014 and indicates a **statutorily required contribution in accordance with 40 ILCS 5/3, Section 125 of $2,919,429 or 52.08% of member payroll, a recommended minimum contribution of $3,542,595 or 63.20% of payroll, and an Annual Required Contribution in accordance with paragraph 36f of Statement No. 25 of the Governmental Accounting Standards Board of $3,569,521 or 63.68% of payroll.** These contributions are net of contributions made by active member police officers during the fiscal year.

The results shown in this report have been calculated under the supervision of a qualified Actuary as defined in appropriate State statutes. All results are based upon demographic data submitted by the Police Pension Fund, financial data submitted by the Police Pension Fund, applications of actuarial assumptions, and generally accepted actuarial methods.

In our opinion, all calculations and procedures are in conformity with generally accepted actuarial principles and practices; and the results presented comply with the requirements of the applicable State statute, Actuarial Standards Board, or Statements of Governmental Accounting Standards, as applicable.

In our opinion, the actuarial assumptions used are reasonable, taking into account the experience of the plan and future expectations, and represent a reasonable and adequate approach to the financing of the retirement program. The costs, actuarial liabilities and other information presented in this report, in our opinion, fully and fairly disclose the actuarial position of the plan.

I, Arthur H. Tepfer, am an Enrolled Actuary in good standing under the Employee Retirement Income Security Act of 1974. I am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. I certify that the results presented in this report are accurate and correct to the best of my knowledge.

TCG PUBLIC CONSULTING, LTD.

Arthur H. Tepfer, A.S.A., M.A.A.A.
Enrolled Actuary #14-02352

June 12, 2014

VALUATION OBJECTIVES

The **City of Moline Police Pension Fund** provides benefits to members when they retire, die, become disabled or terminate employment. For plans providing these types of benefits, an appropriate budgeting pattern must be established to enable appropriate funds to be accumulated to meet all payments when due. The actual cost of the plan can best be expressed in the following simplistic manner:

ACTUAL COST EQUALS Benefits Paid

Plus

Expenses Paid

Less

Investment Income Earned

If the actual cost is incurred on a "pay as you go" basis, then the future generations of members will be paying for the benefits of current plan participants. Proper financial planning calls for budgeting for the actual cost of the plan over the working lifetime of current plan membership in order to establish an equitable allocation. An actuarial valuation is the procedure used to determine an appropriate amount to be contributed to the pension plan each year in order to attain this equity.

An actuarial valuation is an estimate at a particular point in time of the assumed incidence of the future benefit costs. Since the total actual cost of the plan is essentially unknown, pre-funding (budgeting for future benefit costs) requires certain assumptions about future events. Assumptions are made for such things as salary increases, terminations of participants, disablement of participants, death of participants and anticipated investment earnings. These assumptions, although not affecting the actual costs of the plan, will affect the incidence of calculated future costs. For proper funding, it is required that the Actuary select assumptions which are appropriate in light of the economic, demographic, and legislative environment as they relate to the pension program. The assumptions we have made concerning these future events are described more fully in Appendix 2 of this report. Based on these assumptions, a projection of future benefits was made and a current contribution level sufficient to provide the anticipated benefit payments was determined through the use of an actuarial cost method.

<u>Selection of the Actuarial Cost Method</u>

An actuarial cost method, sometimes called a "funding method", therefore, is essentially an approach to budgeting for the calculated future costs. There are many actuarial cost methods which are available to the actuary and each method operates differently. However, all funding methods accomplish the same objective—to assign to each fiscal year of the employer the portion assumed to have accrued in that year. The portion of the actuarial value of benefits assigned to a particular year in respect of an individual participant or the fund as a whole is called the ***normal cost.*** All funding methods are described by how the normal cost is calculated.

The actuarial cost method prescribed by the State statutes to determine the ***statutorily minimum required contribution*** for periods on or after January 1, 2011 is the <u>Projected Unit Credit Cost Method</u>. Under this actuarial cost method, the ongoing cost expressed as a percentage of total payroll will increase. In this method, the normal cost is determined by first calculating the projected dollar amount of each participant's accumulated benefit under the plan as of both the first day of the fiscal year and as of the last day of the fiscal year and then determining the difference between these two amounts. The second step in deriving the normal cost for a given participant is to multiply the dollar amount of this difference by the actuarial present value of $1 of benefit.

The actuarial cost method selected by our firm to determine the ***recommended plan contribution*** is the <u>Entry Age Normal Cost Method</u>. Under this actuarial cost method, ideally, the ongoing cost expressed as a percentage of total payroll should remain fairly stable. In this method, the normal cost is determined by assuming each participant covered by the plan entered the plan under the same conditions that will apply to future plan entrants. The annual normal cost assigned to each year of an employee's career is calculated as a level percentage of the employees assumed earnings each year. These normal costs accumulate to the present value of the employee's benefit at retirement age.

VALUATION OBJECTIVES
(Continued)

Under both the Entry Age Normal Cost Method and the Projected Unit Credit Cost Method, the total funding of projected benefit costs is allocated between an ***unfunded liability***, representing past benefit history, and future normal costs. This allocation is based on the assumption that the municipality will pay the normal cost for each plan year on a regular basis. It should be noted that although the term "unfunded liability" is applied to both funding methods, the resulting amount is different because of the method of calculation. Another feature of these methods is that only the unfunded liability is affected by the experience of the plan, and, therefore, any adjustments are made only in the future amortization payments.

In addition to the methodology changes described above, P.A. 96-1495 also addressed the valuation of pension fund assets—the second component in the determination of the unfunded liability. The statute now provides that the actuarial value of a pension fund's assets be set equal to the market value of the assets on March 30, 2011 and that, in determining the actuarial value of assets after that date, any actuarial gains or losses from investment returns incurred in a fiscal year be recognized in equal amounts over the 5-year period following that fiscal year.

The actuarial valuation process is usually repeated each year and is to a certain extent self-correcting. As part of these actuarial cost methods, any deviation of actual experience from the chosen actuarial assumptions will be reflected in future contributions. A complete description of these actuarial cost methods is explained in Appendix 4 of this report.

Despite the statutory language which requires an application of the Projected Unit Credit method, we feel that funding under this method as a *level percentage of payroll* severely undermines the benefit security of the retirement system and transfers the payment for currently earned pensions to future generations of taxpayers. For these reasons, our valuation report also presents a recommended minimum contribution that will operate to maintain the fundamental fiscal soundness of the retirement program, although a statutorily required contribution has also been calculated. The calculation of the recommended minimum contribution is based upon an amortization payment of 90% of any unfunded accrued liabilities as a *level dollar amount* over 30 years from January 1, 2011, the effective date of P.A. 96-1495. The calculation of the statutorily required contribution is based upon an amortization payment of 90% of any unfunded accrued liabilities as a "*level percentage of payroll*" over 30 years from January 1, 2011, the effective date of P.A. 96-1495.

Although, I do not agree with the statutorily required level percentage of payroll methodology of determining the amortization of the unfunded accrued liability, I would be remiss if I did not advise my funds as to a "statutorily" acceptable calculation under the State law.

Effective for periods beginning after June 15, 1996, the Governmental Accounting Standards Board has issued Statement No. 25 "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans". This Statement establishes a financial reporting framework for defined benefit pension plans that distinguishes between two categories of information: (a) current financial information about plan assets and financial activities and (b) actuarially determined information, from a long-term perspective, about the funded status of the plan and the progress being made in accumulating sufficient assets to pay benefits when due. The calculation of the Annual Required Contribution (ARC) is described in paragraph 36f of the Statement and is based upon an amortization payment of any unfunded accrued liabilities as either a level dollar amount or a level percentage of total payroll over a maximum of 40 years from the effective date of the Statement. Any significant increase in the total unfunded actuarial liability resulting from a change in actuarial methodology should be amortized over a period not less than 10 years.

Approach to Setting Actuarial Assumptions

In February, 2014, the Society of Actuaries released a "Report of the Blue Ribbon Panel on Public Pension Plan Funding" which focuses on the development of recommendation for strengthening public plan funding. Some of the recommendations are as follows:

Adequacy: Funding entities and plan trustees should strive to fund 100% of the obligation for benefits using assumptions that are estimated to be realizable 50% of the time.

Intergenerational Equity: Fully funding pension benefits over the average future service period of employee reasonably aligns the cost of the benefits of the public services with the taxpayers who benefit from those services.

Cost Stability and Predictability: Level costs over an intermediate period is often at odds with the goals of adequacy and intergenerational equity. Funding by allocating a significant portion to higher-risk, more volatile assets will tend to undermine the goal of cost stability. Adequacy and intergenerational equity should take precedence over the goal of cost stability and predictability.

VALUATION OBJECTIVES
(Continued)

Regarding the choice of interest rate, the following is helpful:

According to the report, public retirement systems should use a forward-looking rate to discount pension liabilities rather than actual plan returns.

The new rate would replace the actual long-term rate of return on plan assets generally used now to discount liabilities and set contribution levels

The panel rejected use of a risk-free rate — or rates on the Treasury yield curve — to discount liabilities despite the basis in economic theory to balance generational risks, instead

"Plans should be using rates of return that they believe can be achieved over the next 20- to 30-year period with a 50% probability," the report said.

"The panel does not believe the rate should be aggressively conservative, as doing so may lead to a surplus." When making assumptions, "it is important to consider the extent to which future economic and market conditions may differ from those of today or of the past," ... noting that "the long-term secular decline in interest rates ... strongly suggests that the robust fixed-income performance of the past is not likely to be repeated in the future."

Actuarial experience since the last actuarial valuation

As part of the actuarial valuation process, it is helpful to examine the actual experience of the fund as compared to the experience that is expected by the actuarial assumptions. The measurement of any deviations of actual to expected experience is commonly referred to as a "Gain and Loss Analysis". In performing this analysis, the actuary analyzes each actuarial assumption used in the valuation process. It is highly unlikely that actual experience will follow expected experience on a year-by-year basis. It is hoped that over the long term, if the actuarial assumptions are "reasonable", the total gains and losses will offset each other.

A "gain and loss analysis' is a useful tool to examine whether the actuarial assumptions used to determine the municipal tax levy are suitable. Care must be taken in placing too much credibility in a short-term analysis as the assumptions are more appropriately measured over the long term. Nonetheless, an annual evaluation of the actuarial assumptions will assist in identifying trends that, if unnoticed, can lead to inappropriate conclusions. When these trends are recognized, it is the actuary's responsibility to modify one or more of the assumptions to better anticipate future experience.

"Some assumptions are easier to measure than others. In small plans, credible analysis can generally be made regarding the economic (financial) assumptions. These primarily include investment and salary increase assumptions. Unfortunately, it is often impossible to establish credible long term analysis of demographic assumptions (rates of termination, disability, retirement and mortality). Therefore, in choosing demographic assumptions, the actuary generally relies upon standardized tabular assumptions modified only by fund-specific characteristics.

The actuarial gain and loss analysis for the current year is presented in Exhibit 3-C and 3-D of the report. Exhibit 3-C shows the impact of the actuarial gains or losses on the recommended minimum contribution through a reconciliation of this contribution from the end of the prior valuation year to the end of the current valuation year. Exhibit 3-D derives the actuarial gain or loss in total as well as separating the individual financial and demographic components.

The overall experience gain (loss) for the year was $ (1,346,384) or 1.83% of the accrued liability at the beginning of the plan year. The dollar amount for the plan's current **recommended minimum contribution** is 113.73% of the prior year's contribution. When measured as a percentage of payroll, the contribution level has changed from 55.73% to 63.20%.

Thirty-year Projection of Liabilities

The final section of our report illustrates projected payments from the Trust Fund for a 30-year period commencing with the valuation date. These projections are based upon the actuarial assumptions selected for the fund concerning death, disability and retirement actually occurring. Care should be taken in interpreting or relying on these results-- particularly for Funds with fewer than 200 participants. The credibility of this type of projection is rarely realized beyond 10 years. Exhibit 5D presents this projection.

RESULTS OF VALUATION

The following exhibits present the results of our actuarial valuation of the **City of Moline Police Pension Fund** for the fiscal year January 1, 2014 through December 31, 2014.

Exhibit 1 indicates that the recommended minimum contribution, calculated using the Entry Age Normal Cost method (EANC), from the City is $3,542,595 or 63.20% of total participating payroll. **Under the Entry Age Normal actuarial cost method selected, this percentage of payroll should remain reasonably level over the lifetime of the plan.**

Exhibit 1 also indicates that the statutory minimum contribution, calculated using the Projected Unit Credit method (PUC), from the City is $2,919,429 or 52.08% of total participating payroll. **Under the Projected Unit Credit actuarial cost method selected, this percentage of payroll should increase over the lifetime of the plan.**

Exhibits 2 and 3 provide specific information used to develop the recommended minimum and statutorily required City contribution and GASB Annual Required Contribution (ARC).. The Annual Required Contribution as of January 1, 2014 has been determined under the Governmental Accounting Standards Board Statement No. 25 and is required disclosure for the fiscal year ending December 31, 2014. The Entry Age Normal Cost and the Actuarial Accrued Liability were determined using the Entry Age Normal Cost Actuarial Cost Method.

The Entry Age Normal Cost has been determined as a level percentage of projected payroll of the active members of the group. The amortization method for the Unfunded Actuarial Accrued Liability is determined as a level percentage of payroll amount over a closed Amortization Period as permitted in Governmental Accounting Standards Board Statement No. 25.

Contribution amounts presented in this report have not been adjusted for interest to the date of payment. All values were determined on the basis of the actuarial assumptions and methods as more fully described in Appendix1 of this report.

Exhibit 4 presents a brief description of the demographic characteristics of the current member group.

Exhibit 5 shows information relating to the pension assets.

GENERAL VALUATION RESULTS FOR FISCAL YEAR
JANUARY 1, 2014 THROUGH DECEMBER 31, 2014

Recommended Minimum Contribution

1.	Entry Age Normal Cost:	$ 1,297,684
2.	Unfunded Actuarial Accrued Liability (or Surplus):	39,602,507
3.	Actuarial Value of Assets:	33,891,593
4.	Annual Salaries of Active Police Officers:	5,416,114
5.	Recommended Minimum Contribution from the City:	3,542,595
	Contribution Percentage:	63.20%*

Statutory Minimum Contribution

1.	Projected Unit Credit Normal Cost:	$ 1,632,872
2.	Unfunded Actuarial Accrued Liability (or Surplus):	35,914,682
3.	Actuarial Value of Assets:	33,891,593
4.	Annual Salaries of Active Police Officers:	5,416,114
5.	Statutory Minimum Contribution from the City:	2,919,429
	Contribution Percentage:	52.08%*

* Projected for the fiscal year ending December 31, 2014.

SUMMARY OF SPECIFIC VALUATION RESULTS

		Number	Actuarial Present Value of Projected Benefits	Entry Age Normal Cost	Projected Unit Credit Normal Cost
1.	Active Police Officers:	79			
	Retirement Pension:		$33,345,913	$903,667	$1,344,831
	Survivors Pension:		973,784	53,895	46,370
	Disability Pension:		3,568,317	245,124	184,832
	Withdrawal Pension:		973,212	94,998	56,839
	TOTAL	79	$38,861,226	$1,297,684	$1,632,872
2.	Inactive Police Officers and Survivors:				
	Normal Retirees:	60	$39,106,462		
	Widows (Survivors):	13	2,956,691		
	Children (Survivors):	0	0		
	Disabled Retirees:	5	2,398,340		
	Deferred Vested:	2	385,073		
	Terminated/Separated:	3	184,140		
TOTAL		83	$45,030,706		

SUMMARY OF SPECIFIC VALUATION RESULTS
(Continued)

		Entry Age Normal (EAN)	Projected Unit Credit (PUC)
3.	Total Actuarial Present Value of Projected Benefits:	$83,891,932	N/A
4.	Actuarial Present Value of Future Normal Costs:	10,397,832	N/A
5.	Actuarial Accrued Liability: [(3) - (4)]	73,494,100	69,806,275
6.	Actuarial Value of Assets:	33,891,593	33,891,593
7.	Unfunded Actuarial Accrued Liability (or Surplus) [(5) - (6)]	39,602,507	35,914,682
8.	Funded Ratio Percentage: [(6) ÷ (5)] x 100	46.11%	48.55%

HISTORY OF FUNDED PERCENTAGES

For the Year beginning January 1	Valuation Assets	EAN Accrued Liabilities	EAN Funded Percentage	PUC Accrued Liabilities	PUC Funded Percentage
2014	$33,891,593	$73,494,100	46.11%	$69,806,275	48.55%
2013	32,154,576	66,674,541	48.23	63,116,862	50.94
2012	31,613,555	64,193,380	49.25	60,759,807	52.03
2011	30,638,486	61,190,730	49.93	57,859,699	52.80

DEVELOPMENT OF RECOMMENDED MINIMUM CITY CONTRIBUTION

		Fiscal Year January 1, 2014 through December 31, 2014
1.	Entry Age Normal Cost:	$1,297,684
2.	Recommended Minimum Payment to Amortize 90 % of the Entry Age Normal Unfunded Accrued Liability as a level dollar amount over 26.99795 Years from January 1, 2014:	2,514,776
3.	Interest on (1) and (2):	266,872
4.	Credit for Surplus:	0
5.	Total Recommended Minimum Contribution for Fiscal Year 2014: [(1) + (2) + (3) + (4)], but not less than Statutorily Required	4,079,332
6.	Active Member Contributions (9.91% of Salaries):	536,737
7.	Net Recommended Minimum City Contribution: [(5) - (6)]	3,542,595

DEVELOPMENT OF STATUTORILY REQUIRED CITY CONTRIBUTION
(NOTE THAT THIS CONTRIBUTION CALCULATION IS NOT RECOMMENDED)

		Fiscal Year January 1, 2014 through December 31, 2014
1.	Projected Unit Credit Normal Cost:	$1,632,872
2.	Minimum Payment to Amortize 90% of the Projected Unit Credit Unfunded Accrued Liability as a level percentage of payroll over 26.99795 Years from January 1, 2014:	1,597,190
3.	Interest on (1) and (2):	226,104
4.	Credit for Surplus:	0
5.	Total Statutorily Required Contribution for Fiscal Year 2014: [(1) + (2) + (3) + (4)]	3,456,166
6.	Active Member Contributions (9.91% of Salaries):	536,737
7.	Net Statutorily Required City Contribution: [(5) - (6)]	2,919,429

GASB STATEMENT NO. 25 DISCLOSURE INFORMATION

DEVELOPMENT OF THE ANNUAL REQUIRED CONTRIBUTION OF THE MUNICIPALITY

		Fiscal Year January 1, 2014 through December 31, 2014
1.	Entry Age Normal Cost	$1,297,684
2.	Actuarial Accrued Liability	73,494,100
3.	Actuarial Value of Assets	33,891,593
4.	Unfunded Actuarial Accrued Liability	39,602,507
5.	Payment to Amortize Unfunded Actuarial Accrued Liability Over 40 Years from Effective Date of Application of GASB 25 (19 years remaining)	2,808,574
6.	Total Annual Required Contribution for Fiscal Year December 31, 2014: [(1) + (5)]	4,106,258
7.	Active Member Contributions (9.91% of Salaries):	536,737
8.	Annual Required Contribution (ARC) payable at the beginning of the current fiscal year: [(6) - (7)]	3,569,521

RECONCILIATION OF THE CHANGE
IN THE RECOMMENDED MINIMUM CITY CONTRIBUTION

1.	Recommended Minimum Contribution for Year ending 12/31/2013:	$3,114,871
2.	Increase in Normal Cost and Amortization Payment due to anticipated pay changes:	117,977
3.	Increase/(Decrease) in Normal Cost resulting from actual pay changes:	(21,330)
4.	Effect of Asset Smoothing:	100,064
5.	Increase/(Decrease) resulting from changes in assumptions:	250,708
6.	Increase/(Decrease) resulting from other demographic and financial sources (retirements, deaths, new entrants, salary changes, etc.):	(19,695)
7.	Recommended Minimum Contribution for Year ending December 31, 2014:	$3,542,595

DERIVATION OF EXPERIENCE GAIN(LOSS) AND COST METHOD CHANGE
AS OF JANUARY 1, 2014

1.	EANC Unfunded Actuarial Accrued Liability at January 1, 2013:	$34,519,965
2.	Entry Age Normal Cost Due at January 1, 2013:	1,155,256
3.	Interest on (1) and (2) to January 1, 2014 (at 7.50% per year):	2,675,642
4.	Contributions made for the prior year with interest to January 1, 2014:	4,042,871
5.	Expected EANC Unfunded Actuarial Accrued Liability at January 1, 2014 Before Assumption Changes [(1) + (2) + (3) - (4)]:	34,307,992
6.	Change in EANC Unfunded Actuarial Accrued Liability due to Assumptions Change at January 1, 2014:	3,948,131
7.	Expected EANC Unfunded Actuarial Accrued Liability at January 1, 2014 [(5) + (6)]:	38,256,123
8.	Actual EANC Unfunded Actuarial Accrued Liability at January 1, 2014:	39,602,507
9.	Gain (Loss) for the prior Plan Year [(7) – (8)]:	$ (1,346,384)

The experience gain (loss) reported above is the net result of the following:

1.	FINANCIAL SOURCES	
a)	Investment experience (based upon market value of assets):	$ 924,038
b)	Contribution experience:	247,967
c)	Benefit Payments experience:	202,610
d)	Salary increases (greater)/lower than expected:	173,374
	Total from Financial Sources:	1,547,989
2.	DEMOGRAPHIC SOURCES	
	Mortality, retirement, disability, termination, etc.:	(1,318,577)
3.	ACTUARIAL ADJUSTMENTS	
	Market value adjustment for asset smoothing, including expenses	(1,575,796)
4.	GAIN (LOSS) ALL SOURCES	
	Total Gain (Loss) for the prior Plan Year [(1) + (2) + (3)]	$ (1,346,384)

SUMMARY OF DEMOGRAPHIC INFORMATION AS OF JANUARY 1, 2014

	Number	Projected Annual Salaries (Fiscal Year 2014)
Active Police Officers:	79	$5,416,114

	Number	Total Monthly Benefits
Normal Retirees:	60	$254,958
Survivors (Widows):	13	34,621
Survivors (Children):	0	0
Disabled Retirees:	5	10,791
Deferred Vested:	2	0
Terminated/Separated:	3	184,140 *

* Return of Contributions

The actuarial valuation was performed as of January 1, 2014 to determine contribution requirements for fiscal year 2014.

AGE AND SERVICE DISTRIBUTION

Attained Age	COMPLETED YEARS OF SERVICE											Average Salaries
	0-1	2-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total	
15-19											0	-
20-24											0	-
25-29	1	10	3								14	49,958
30-34		3	6	1							10	55,004
35-39			4	4	1						9	62,383
40-44			3	4	6						13	72,645
45-49				2	5	8					15	80,211
50-54				1	5	2	3	1			12	77,198
55-59				1	1	2	1	1			6	88,542
60-64											0	-
65+											0	-
TOTAL	1	13	16	13	18	12	4	2	0	0	79	68,558

Age = 40.88 Years

Service = 13.88 Years

ASSET INFORMATION

Cash, Money Market, IL Funds	$2,380,717
Certificates of Deposit	0
State, Local and Corporate Obligations	0
U.S. Government and Agency Obligations	0
Insurance Company Contracts	0
Pooled Investment Accounts	0
Mutual Funds	18,798,934
Common & Preferred Stocks	11,422,291
Taxes Receivable	0
Accrued Interest	0
Other Receivables	0
Net Liabilities	0
Net Present Assets at Market Value	$32,601,942

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

1. Market Value of Assets, January 1, 2013** $29,289,130

2. Actual Income and Disbursements in prior year weighted for timing

Item	Amount	Weight for Timing	Weighted Amount
Contributions Received During 2014	3,908,516	50.00%	1,954,258
Miscellaneous Revenue	0	50.00%	0
Benefit Payments and Expenses Made During 2014	3,723,370	(50.00)%	(1,861,685)
Total			92,573

3.	Market Value of assets adjusted for actual income disbursements [(1) + 2(d)]	29,381,703
4.	Assumed rate of return on plan assets for the year	7.50%
5.	Expected return on assets [(3) x (4)]	2,203,628
6.	Market Value of Assets, January 1, 2013	29,289,130
7.	Income (less investment income) for prior year	3,908,516
8.	Disbursements paid in prior year	3,723,370
9.	Market Value of Assets, January 1, 2014	$32,601,942
10.	Actual Return [(9) + (8) – (7) – (6)]	3,127,666
11.	Investment Gain/(Loss) for Prior Year [(10) – (5)]	924,038

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS
(Continued)

12. Market Value of Assets, January 1, 2014: $32,601,942

13. Deferred investment gains and (losses) for last 4 years:

	Plan Year Beginning	Gain/(Loss)	Percent Deferred	Deferred Amount
a)	2014**	$ 924,038	80%	$ 739,231
b	2013	$ (2,601,944)	60%	$ (1,561,166)
c)	2012	$ (1,459,829)	40%	$ (583,932)
d)	2011	$ 581,084	20%	$ 116,217
e)	Total	$ (2,556,651)		$ (1,289,650)

14. Actuarial value of plan assets for funding,, January 1, 2014: Item (12) less item 13(e): $ 33,891,593

15. Taxes receivable: 0

16. Actuarial value of plan assets for GASB reporting January 1, 2014 item (14) less item (15)*: $ 33,891,593

Notes: * excluding taxes receivable

* *The calculated value is determined by adjusting the market value of assets to reflect investment gains and losses (the difference between the actual investment return and the expected investment return) during each of the last five years at the rate of 20% per year.

ANALYSIS OF INVESTMENT RETURN

Fiscal Year Ending December 31	Annual Rate of Return
2013	**10.11%**
2012	10.22
2011	2.53
2010	9.23
2009	4.30
2008	-11.54
2007	7.46
2006	7.30
2005	4.55
Composite	
2005-2013	4.70%
2005-2013 (excluding 2008)	6.93%

THIRTY - YEAR PROJECTION OF PAYMENTS

	Payouts from Active Group Upon					Payouts from		Total
	Termination		Death	Retirement	Disability	Retired Group	Deferred Pensioners	
Year	Lump Sum	Deferred Pension						
2014	16,162	0	19,315	181,244	24,407	3,604,458	184,140	4,029,726
2015	11,051	0	26,298	346,659	47,830	3,566,199	0	3,998,037
2016	9,441	0	26,971	504,574	70,495	3,522,760	0	4,134,241
2017	4,417	0	34,037	704,574	92,429	3,476,167	0	4,311,624
2018	2,468	0	41,174	914,747	113,205	3,443,495	0	4,515,089
2019	1,667	0	47,020	1,138,230	133,671	3,405,601	24,912	4,751,101
2020	0	0	53,961	1,371,254	153,941	3,351,309	25,424	4,955,889
2021	0	0	59,160	1,599,174	173,436	3,294,096	25,915	5,151,781
2022	0	0	65,805	1,789,619	192,223	3,233,432	26,381	5,307,460
2023	0	0	70,681	1,959,214	209,484	3,168,976	26,814	5,435,169
2024	0	0	76,334	2,153,610	225,979	3,113,675	27,211	5,596,809
2025	0	0	80,636	2,315,081	241,729	3,055,465	45,136	5,738,047
2026	0	0	85,624	2,472,248	257,058	2,976,436	45,799	5,837,165
2027	0	0	89,157	2,623,454	272,433	2,890,324	46,395	5,921,763
2028	0	0	93,380	2,799,911	290,475	2,796,495	46,913	6,027,174
2029	0	0	96,386	2,972,666	307,143	2,694,314	47,341	6,117,850
2030	0	0	99,973	3,109,396	324,510	2,583,402	47,662	6,164,943
2031	0	0	102,144	3,231,553	342,965	2,463,608	47,875	6,188,145
2032	0	0	104,897	3,358,824	359,718	2,335,287	47,943	6,206,669
2033	0	0	106,171	3,500,086	373,126	2,218,068	47,860	6,245,311
2034	0	0	108,176	3,670,851	387,737	2,075,691	47,611	6,290,066
2035	0	0	108,422	3,788,284	397,868	1,927,980	47,181	6,269,735
2036	0	0	109,757	3,909,999	408,994	1,776,705	46,550	6,252,005
2037	0	0	109,193	4,035,458	421,948	1,623,624	45,712	6,235,935
2038	0	0	109,508	4,150,447	434,093	1,470,643	44,657	6,209,348
2039	0	0	108,273	4,225,245	442,595	1,319,830	43,373	6,139,316
2040	0	0	107,778	4,267,304	446,815	1,173,057	41,855	6,036,809
2041	0	0	105,176	4,291,903	449,070	1,032,193	40,087	5,918,429
2042	0	0	103,748	4,298,064	451,571	898,861	38,079	5,790,323
2043	0	0	100,803	4,284,810	454,666	774,564	35,851	5,650,694

ACTUARIAL ASSUMPTIONS

(Economic)

Investment Return
7.00% per annum, compounded annually (net of expenses).

Salary Increases
Representative values of assumed salary increases are as follows:

Age	Increase %
25	4.8611
30	2.9848
35	2.0341
40	1.5239
45	1.3083
50	1.1846
55	1.1220

An additional inflation allowance of 2.00% per year is added to the above.

Payroll Growth
It was assumed that payroll will grow 3.50% per year.

Cost of Living Adjustments
It was assumed that the Consumer Price Index – Urban (CPI-U) would increase 2.00% per year

Actuarial Asset Basis
The actuarial value of assets recognizes future gains and losses based on a 5-year smoothed market method as prescribed by Statute

In a 5-year smoothed market method, the current market value of assets is reduced (increased) for the current year and each of three succeeding years, by a portion of the gain/(loss) in market value during the prior year. Such gain/(loss) is determined as the excess/(deficit) of the current market value of assets over the market value of assets as of the prior year, increased to reflect interest at the actuarial rate and adjusted to reflect contributions and benefit payments during the prior year. The portion of such gain/(loss) by which the current market value of assets is reduced (increased) shall be 80% in the current year, 60% in the first succeeding year, 40% in the second succeeding year and 20% in the third succeeding year.

Additionally, in accordance with government accounting standards, the actuarial value of assets is adjusted to remove any contributions receivable on the reporting date.

Expenses
None assumed.

(Demographic)

Mortality

Active Lives

RP-2000 Combined Healthy Mortality Table (male) with blue collar adjustment and with a 200% load for participants under age 50 and 125% for participants age 50 and over. Five percent (5%) of deaths amongst active police officers are assumed to be in the performance of their duty.

Non-Active Lives

RP-2000 Combined Healthy Mortality Table (male) with blue collar adjustment and with a 200% load for participants under age 50 and 125% for participants age 50 and over.

Termination

Illustrative rates of withdrawal from the plan for reasons other than death or disability are as follows:

Age	Rate of Withdrawal
25	.0734
30	.0416
35	.0223
40	.0119
45	.0102

It is assumed that terminated police officers will not be rehired.

Disability Rates

Incidence of disability amongst police officers eligible for disability benefits:

Age	Rate
25	.0013
30	.0026
35	.0044
40	.0071
45	.0108
50	.0159

15% of disabilities amongst active police officers are assumed to be in the performance of their duty.

Retirement Rates

Retirements are assumed to occur between the ages of 50 and 69 in accordance with the following table:

Age	Rate of Retirement	Age	Rate of Retirement
50	.36	60	.22
51	.22	61	.30
52	.18	62	.39
53	.19	63	.48
54	.19	64	.57
55	.20	65	.65
56	.20	66	.74
57	.20	67	.83
58	.21	68	.91
59	.21	69	1.00

(Additional)

Marital Status

85% of police officers are assumed to be married.

Spouse's Age

Wives are assumed to be 3 years younger than their husbands.

Actuarial Cost Method:

Projected Unit Credit for statutory minimum

Entry Age Normal for recommended and GASB reporting

SUMMARY OF PRINCIPAL PLAN PROVISIONS

Definitions

Tier 1 – For Police Officers first entering Article 3 prior to January 1, 2011

Tier 2 – For Police Officers first entering Article 3 after December 31, 2010

Police Officer (3-106): Any person appointed to the police force and sworn and commissioned to perform police duties.

Persons excluded from Fund (3-109): Part-time officers, special police officer, night watchmen, traffic guards, clerks and civilian employees of the department. Also, police officers who fail to pay the required fund contributions or who elect the Self-Managed Plan option.

Creditable Service (3-110): Time served by a police officer, excluding furloughs in excess of 30 days, but including leaves of absences for illness or accident and periods of disability where no disability pension payments have been received and also including up to 3 years during which disability payments have been received provided contributions are made.

Pension (3-111)

Normal Pension Age
Tier 1 - Age 50 with 20 or more years of creditable service.

Tier 2 - Age 55 with 10 or more years of creditable service.

Normal Pension Amount
Tier 1 - 50% of the greater of the annual salary held in the year preceding retirement or the annual salary held on the last day of service, plus 2½% of such annual salary for service from 20 to 30 year (maximum 25%)].

Tier 2 - 2½% of Final Average salary for each year of service. Final Average Salary is the highest salary based on the highest consecutive 96 months of the final 120 months of service

Early Retirement at age 50 with 10 or more years of service but with a penalty of ½% for each month prior to age 55.

Annual Salary capped at $106,800 increased yearly by the lesser of ½ of the Consumer Price Index- Urban (CPI-U) or 3%. Salary for valuations beginning in 2014 is $110,631.26.

Minimum Monthly Benefit: $1,000

Maximum Benefit Percentage: 75% of salary

Termination Retirement Pension Date
Separation of service after completion of between 8 and 20 years of creditable service.

Termination Pension Amount
Commencing at age 60, 2½% of annual salary held in the year preceding termination times years of creditable service or refund of contributions, or for persons terminating on or after July 1, 1987, 2½% of annual salary held on the last day of service times years of credible service, whichever is greater.

Pension Increase

Non-Disabled
Tier 1 - 3% increase of the original pension amount after attainment of age 55 for each year elapsed since retirement, followed by an additional 3% of the original pension amount on each January 1 thereafter. Effective July 1, 1993, 3% of the amount of pension payable at the time of the increase including increases previously granted, rather than 3% of the originally granted pension amount.

SUMMARY OF PRINCIPAL PLAN PROVISIONS
(Continued)

Tier 2 - The lesser of ½ of the Consumer Price Index- Urban (CPI-U) or 3% increase of the original pension amount after attainment of age 60, followed by an additional 3% of the original pension amount on each January 1 thereafter.

Disabled
3% increase of the original pension amount after attainment of age 60 for each year he or she received pension payments, followed by an additional 3% of the original pension amount in each January 1 thereafter.

Pension to Survivors (3-112)

Death of Retired Member
Tier 1 - 100% of pension amount to surviving spouse (or dependent children).

Tier 2 – 66 2/3% of pension amount to surviving spouse (or dependent children), subject to the following increase: the lesser of ½ of the Consumer Price Index- Urban (CPI-U) or 3%.increase of the original pension amount after attainment of age 60, followed by an additional 3% of the original pension amount on each January 1 thereafter.

Death While in Service (Not in line of duty)
With 20 years of creditable service, the pension amount earned as of the date of death.

With between 10 and 20 years of creditable service, 50% of the salary attached to the rank for the year prior to the date of death.

Death in Line of Duty
100% of the salary attached to the rank for the last day of service year prior to date of death.

Minimum Survivor Pension
$1,000 per month to all surviving spouses.

Disability Pension - Line of Duty (3-114.1)

Eligibility
Suspension or retirement from police service due to sickness, accident or injury while on duty.

Pension
Greater of 65% of salary attached to rank at date of suspension or retirement and the retirement pension available. Minimum $1,000 per month.

Disability Pension - Not on Duty (3-114.2)

Eligibility
Suspension or retirement from police service for any cause other than while on duty.

Pension
50% of salary attached to rank at date of suspension or retirement. Minimum $1,000 per month.

Other Provisions

Marriage After Retirement (3-120)
No surviving spouse benefit available.

Refund (3-124)
At death prior to completion of 10 years of service, contributions are returned without interest to widow.

At termination with less than 20 years of service, contributions are refunded upon request.

Contributions by Police Officers (3-125.1)
Beginning January 1, 2001, 9.91% of salary including longevity, but excluding overtime pay, holiday pay, bonus pay, merit pay or other cash benefit.

GLOSSARY

Actuarial Accrued Liability
See ***Entry Age Normal Cost*** *Method and* ***Projected Unit Credit Cost*** *Method.*

Actuarial Assumptions
The economic and demographic predictions used to estimate the present value of the plan's future obligations. They include estimates of investment earnings, salary increases, mortality, withdrawal and other related items. The *Actuarial Assumptions* are used in connection with the *Actuarial Cost Method* to allocate plan costs over the working lifetimes of plan participants.

Actuarial Cost Method
The method used to allocate the projected obligations of the plan over the working lifetimes of the plan participants. Also referred to as an *Actuarial Funding Method.*

Actuarial Funding Method
See *Actuarial Cost Method*

Actuarial Gain (Loss)
The excess of the actual *Unfunded Actuarial Accrued Liability* over the expected *Unfunded Actuarial Accrued Liability* represents an *Actuarial Loss.* If the expected *Unfunded Actuarial Accrued Liability* is greater, an *Actuarial Gain* has occurred.

Actuarial Present Value
The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of *Actuarial Assumptions.*

Actuarial Value of Assets
The asset value derived by using the plan's *Asset Valuation Method.*

Asset Valuation Method
A valuation method designed to smooth random fluctuations in asset values. The objective underlying the use of an asset valuation method is to provide for the long-term stability of employer contributions.

Employee Retirement Income Security Act of 1974 (ERISA)
The primary federal legislative act establishing funding, participation, vesting, benefit accrual, reporting, and disclosure standards for pension and welfare plans.

Entry Age Normal Cost Method
One of the standard actuarial funding methods in which the *Present Value of Projected Plan Benefits* of each individual included in the *Actuarial Valuation* is allocated on a level basis over the earnings of the individual between entry age and assumed exit age(s). The portion of this *Actuarial Present Value* allocated to a valuation year is called the *Normal Cost.* The portion of this *Actuarial Present Value* not provided for at a valuation date by the *Actuarial Present Value* of future *Normal Costs* is called the *Actuarial Accrued Liability.*

Normal Cost
The portion of the *Present Value of Projected Plan Benefits* that is allocated to a particular plan year by the *Actuarial Cost Method.* See *Entry Age Normal Cost Method* for a description of the Normal Cost under the *Entry Age Normal Cost Method.* See *Projected Unit Credit Cost Method* for a description of the Normal Cost under the *Projected Unit Credit Cost Method.*

Present Value of Future Normal Costs
The present value of future normal costs determined based on the *Actuarial Cost Method* for the plan. Under the *Entry Age Normal Cost Method,* this amount is equal to the excess of the *Present Value of Projected Plan Benefits* over the sum of the *Actuarial Value of Assets* and *Unfunded Actuarial Accrued Liability.*

Present Value of Projected Plan Benefits
The present value of future plan benefits reflecting projected credited service and salaries. The present value is determined based on the plan's actuarial assumptions.

GLOSSARY
(Continued)

Projected Unit Credit Cost Method
One of the standard actuarial funding methods in which the *Present Value of Projected Plan Benefits* of each individual included in the *Actuarial Valuation* is allocated by a consistent formula to valuation years. The *Actuarial Present Value* allocated to a valuation year is called the *Normal Cost*. The *Actuarial Present Value* of benefits allocated to all periods prior to a valuation year is called the *Actuarial Accrued Liability*.

Statement No. 25 of the Governmental Accounting Standards Board (GASB No. 25)
The accounting statement that established the standards of financial accounting and reporting for the financial statements of defined benefit pension plans.

Unfunded Actuarial Accrued Liability
The excess of the *Actuarial Accrued Liability* over the *Actuarial Value of Assets*.

CITY OF MOLINE
FIREFIGHTERS' PENSION FUND

ACTUARIAL VALUATION
AS OF JANUARY 1, 2014 FOR THE
FISCAL YEAR ENDING DECEMBER 31, 2014

June 12, 2014

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ACTUARIAL STATEMENT

Tepfer Consulting Group, Ltd. was retained by the **City of Moline and** to perform an independent actuarial valuation for the Firefighters' Pension Fund. This valuation is permitted under 40 ILCS 5/22, Section 503.2.

The actuarial valuation was performed for the year ended December 31, 2014 and indicates a **statutorily required contribution in accordance with 40 ILCS 5/4, Section 118 of $2,758,255 or 65.02% of member payroll, a recommended minimum contribution of $3,488,751 or 82.23% of payroll, and an Annual Required Contribution in accordance with paragraph 36f of Statement No. 25 of the Governmental Accounting Standards Board of $3,480,032 or 82.03% of payroll.** These contributions are net of contributions made by active member firefighters during the fiscal year.

The results shown in this report have been calculated under the supervision of a qualified Actuary as defined in appropriate State statutes. All results are based upon demographic data submitted by the Firefighters' Pension Fund, financial data submitted by the Firefighters' Pension Fund, applications of actuarial assumptions, and generally accepted actuarial methods.

In our opinion, all calculations and procedures are in conformity with generally accepted actuarial principles and practices; and the results presented comply with the requirements of the applicable State statute, Actuarial Standards Board, or Statements of Governmental Accounting Standards, as applicable.

In our opinion, the actuarial assumptions used are reasonable, taking into account the experience of the plan and future expectations, and represent a reasonable and adequate approach to the financing of the retirement program. The costs, actuarial liabilities and other information presented in this report, in our opinion, fully and fairly disclose the actuarial position of the plan.

I, Arthur H. Tepfer, am an Enrolled Actuary in good standing under the Employee Retirement Income Security Act of 1974. I am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. I certify that the results presented in this report are accurate and correct to the best of my knowledge.

TCG PUBLIC CONSULTING, LTD.

Arthur H. Tepfer, A.S.A., M.A.A.A.
Enrolled Actuary #11-02352

June 12, 2014

VALUATION OBJECTIVES

The **City of Moline Firefighters' Pension Fund** provides benefits to members when they retire, die, become disabled or terminate employment. As with any plan providing these types of benefits, an appropriate budgeting pattern must be established to enable appropriate funds to be accumulated to meet all payments when due. The actual cost of the plan can best be expressed in the following simplistic manner:

ACTUAL COST EQUALS

Benefits Paid

Plus

Expenses Paid

Less

Investment Income Earned

If the actual cost is incurred on a "pay as you go" basis, then the future generations of members will be paying for the benefits of current plan participants. Proper financial planning calls for budgeting the actual cost of the plan over the working lifetime of current plan membership in order to establish an equitable allocation. An actuarial valuation is the procedure used to determine an appropriate amount to be contributed to the pension plan each year in order to attain this equity.

An actuarial valuation is an estimate at a particular point in time of the predicted incidence of the future benefit costs. Since the actual cost of the plan is essentially unknown, pre-funding (budgeting for future benefit costs) requires certain assumptions about future events. Assumptions are made for such things as salary increases, terminations of participants, disablement of participants, death of participants and anticipated investment earnings. These assumptions although not affecting the actual costs of the plan will affect the incidence of predicted future costs. For proper funding, it is required that the Actuary select assumptions which are appropriate in light of the economic, demographic, and legislative environment as they relate to the pension program. The assumptions we have made concerning these future events are described more fully in Appendix 2 of this report. Based on these assumptions, a projection of future benefits was made and a current contribution level sufficient to provide the anticipated benefit payments was determined through the use of an actuarial cost method.

<u>Selection of the Actuarial Cost Method</u>

An actuarial cost method, sometimes called a "funding method", therefore, is essentially an approach to budgeting the estimated future costs. There are many actuarial cost methods which are available to the actuary and each method operates differently. However, all funding methods accomplish the same objective—to assign to each fiscal year of the employer the portion assumed to have accrued in that year. The portion of the actuarial value of benefits assigned to a particular year in respect of an individual participant or the fund as a whole is called the ***normal cost***. All funding methods are described by how the normal cost is calculated.

The actuarial cost method prescribed by the State statutes to determine the ***statutorily minimum required contribution*** for periods on or after January 1, 2011 is the <u>Projected Unit Credit Cost Method</u>. Under this actuarial cost method, the ongoing cost as a percentage of total payroll will increase. In this method, the normal cost is determined by first calculating the projected dollar amount of each participant's accumulated benefit under the plan as of both the first day of the fiscal year and as of the last day of the fiscal year and then determining the difference between these two amounts. The second step in deriving the normal cost for a given participant is to multiply the dollar amount of this difference by the actuarial present value of $1 of benefit.

The actuarial cost method selected by our firm to determine the ***recommended plan contribution*** is the <u>Entry Age Normal Cost Method</u>. Under this actuarial cost method, ideally, the ongoing cost as a percentage of total payroll should remain fairly stable. In this method, the normal cost is determined by assuming each participant covered by the plan entered the plan under the same conditions that will apply to future plan entrants. The annual normal cost assigned to each year of an employee's career is calculated as a level percentage of the employees assumed earnings each year. These normal costs accumulate to the present value of the employee's benefit at retirement age.

VALUATION OBJECTIVES
(Continued)

Under both the Entry Age Normal Cost Method and the Projected Unit Credit Cost Method, the total funding of projected benefit costs is allocated between an ***unfunded liability***, representing past benefit history, and future normal costs. This allocation is based on the assumption that the municipality will pay the normal cost for each plan year on a regular basis. It should be noted that although the term "unfunded liability" is applied to both funding methods, the resulting amount is different because of the method of calculation. Another feature of these methods is that only the unfunded liability is affected by the experience of the plan, and therefore any adjustments are made in the future amortization payments.

In addition to the methodology changes described above, P.A. 96-1495 also addressed the valuation of pension fund assets—the second component in the determination of the unfunded liability. The statute now provides that the actuarial value of a pension fund's assets be set equal to the market value of the assets on March 30, 2011 and that, in determining the actuarial value of assets after that date, any actuarial gains or losses from investment returns incurred in a fiscal year be recognized in equal amounts over the 5-year period following that fiscal year.

The actuarial valuation process is usually repeated each year and is to a certain extent self-correcting. As part of these actuarial cost methods, any deviation of actual experience from the chosen actuarial assumptions will be reflected in future contributions. A complete description of these actuarial cost methods is explained in Appendix 4 of this report.

Despite the statutory language which requires an application of the Projected Unit Credit method, we feel that funding under this method as a *level percentage of payroll* severely undermines the benefit security of the retirement system and transfers the payment for currently earned pensions to future generations of taxpayers. For these reasons, our valuation report also presents a recommended minimum contribution that will operate to maintain the fundamental fiscal soundness of the retirement program, although a statutorily required contribution has also been calculated. The calculation of the recommended minimum contribution is based upon an amortization payment of 90% of any unfunded accrued liabilities as a *level dollar amount* over 30 years from January 1, 2011, the effective date of P.A. 96-1495. The calculation of the statutorily required contribution is based upon an amortization payment of 90% of any unfunded accrued liabilities as a "*level percentage of payroll*" over 30 years from January 1, 2011, the effective date of P.A. 96-1495.

Although, I do not agree with the statutorily required level percentage of payroll methodology of determining the amortization of the unfunded accrued liability, I would be remiss if I did not advise my funds as to a "statutorily" acceptable calculation under the State law.

Effective for periods beginning after June 15, 1996, the Governmental Accounting Standards Board has issued Statement No. 25 "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans". This Statement establishes a financial reporting framework for defined benefit pension plans that distinguishes between two categories of information: (a) current financial information about plan assets and financial activities and (b) actuarially determined information, from a long-term perspective, about the funded status of the plan and the progress being made in accumulating sufficient assets to pay benefits when due. The calculation of the Annual Required Contribution (ARC) is described in paragraph 36f of the Statement and is based upon an amortization payment of any unfunded accrued liabilities as either a level dollar amount or a level percentage of total payroll over a maximum of 40 years from the effective date of the Statement. Any significant increase in the total unfunded actuarial liability resulting from a change in actuarial methodology should be amortized over a period not less than 10 years.

Actuarial experience since the last actuarial valuation

As part of the actuarial valuation process, it is helpful to examine the actual experience of the fund as compared to the experience which is expected by the actuarial assumptions. The measurement of any deviations of actual to expected experience is commonly referred to as a "Gain and Loss Analysis". In performing this analysis, the actuary analyzes each actuarial assumption used in the valuation process. It is highly unlikely that actual experience will follow expected experience on a year-by-year basis. It is hoped that over the long term, if the actuarial assumptions are "reasonable", the total gains and losses will offset each other.

A "gain and loss analysis' is a useful tool to examine whether the actuarial assumptions used to determine the municipal tax levy are suitable. Care must be taken in placing too much credibility in a short-term analysis as the assumptions are more appropriately measured over the long term. Nonetheless, an annual evaluation of the actuarial assumptions will assist in identifying trends which, if unnoticed, can lead to inappropriate conclusions. When these trends are recognized, it is the actuary's responsibility to modify one or more of the assumptions to better anticipate future experience.

VALUATION OBJECTIVES
(Continued)

Some assumptions are easier to measure than others. In small plans, credible analysis can generally be made regarding the economic (financial) assumptions. These primarily include investment and salary increase assumptions. Unfortunately, it is often impossible to establish credible long term analysis of demographic assumptions (rates of termination, disability, retirement and mortality). Therefore, in choosing demographic assumptions, the actuary generally relies upon standardized tabular assumptions modified only by fund-specific characteristics.

The actuarial gain and loss analysis for the current year is presented in Exhibit 3-C and 3-D of the report. Exhibit 3-C shows the impact of the actuarial gains or losses on the recommended minimum contribution through a reconciliation of this contribution from the end of the prior valuation year to the end of the current valuation year. Exhibit 3-D derives the actuarial gain or loss in total as well as separating the individual financial and demographic components.

The overall experience gain (loss) for the year was $2,371,325 or 3.52% of the accrued liability at the beginning of the plan year. The dollar amount for the plan's recommended minimum contribution is 100.26% of the prior year's contribution. When measured as a percentage of payroll, the contribution level has changed from 74.11% to 82.23%.

Thirty-year Projection of Liabilities

The final section of our report illustrates projected payments from the Trust Fund for a 30-year period commencing with the valuation date. These projections are based upon the actuarial assumptions selected for the fund concerning death, disability and retirement actually occurring. Care should be taken in interpreting or relying on these results-- particularly for Funds with fewer than 200 participants. The credibility of this type of projection is rarely realized beyond 10 years. Exhibit 5D presents this projection.

RESULTS OF VALUATION

The following exhibits present the results of our actuarial valuation of the **City of Moline Firefighters' Pension Fund** for the fiscal year January 1, 2014 through December 31, 2014.

Exhibit 1 indicates that the recommended minimum contribution, calculated using the Entry Age Normal Cost method (EANC), from the City is $3,488,751 or 82.23% of total participating payroll. **Under the Entry Age Normal actuarial cost method selected, this percentage of payroll should remain reasonably level over the lifetime of the plan.**

Exhibit 1 also indicates that the statutory minimum contribution, calculated using the Projected Unit Credit method (PUC), from the City is $2,758,255 or 65.02% of total participating payroll. **Under the Projected Unit Credit actuarial cost method selected, this percentage of payroll should increase over the lifetime of the plan.**

Exhibits 2 and 3 provide specific information used to develop the recommended minimum and statutorily required City contribution and GASB Annual Required Contribution (ARC).. The Annual Required Contribution as of January 1, 2014 has been determined under the Governmental Accounting Standards Board Statement No. 25 and is required disclosure for the fiscal year ending December 31, 2014. The Entry Age Normal Cost and the Actuarial Accrued Liability were determined using the Entry Age Normal Cost Actuarial Cost Method.

The Entry Age Normal Cost has been determined as a level percentage of projected payroll of the active members of the group. The amortization method for the Unfunded Actuarial Accrued Liability is determined as a level percentage of payroll amount over a closed Amortization Period as permitted in Governmental Accounting Standards Board Statement No. 25.

Contribution amounts presented in this report have not been adjusted for interest to the date of payment. All values were determined on the basis of the actuarial assumptions and methods as more fully described in Appendix1 of this report.

Exhibit 4 presents a brief description of the demographic characteristics of the current member group.

Exhibit 5 shows information relating to the pension assets.

GENERAL VALUATION RESULTS FOR FISCAL YEAR
JANUARY 1, 2014 THROUGH DECEMBER 31, 2014

Recommended Minimum Contribution

1.	Entry Age Normal Cost:	$ 1,046,712
2.	Unfunded Actuarial Accrued Liability (or Surplus):	39,776,039
3.	Actuarial Value of Assets:	27,599,873
4.	Annual Salaries of Active Firefighters:	4,099,008
5.	Recommended Minimum Contribution from the City:	3,488,751
	Contribution Percentage:	82.23%*

Statutory Minimum Contribution

1.	Projected Unit Credit Normal Cost:	$ 1,231,106
2.	Unfunded Actuarial Accrued Liability (or Surplus):	37,464,333
3.	Actuarial Value of Assets:	27,599,873
4.	Annual Salaries of Active Firefighters:	4,099,008
5.	Statutory Minimum Contribution from the City:	2,758,255
	Contribution Percentage:	65.02%*

* Projected for the fiscal year ending December 31, 2014.

SUMMARY OF SPECIFIC VALUATION RESULTS

		Number	Actuarial Present Value of Projected Benefits	Entry Age Normal Cost	Projected Unit Credit Normal Cost
1.	Active Firefighters:	59			
	Retirement Pension:		$23,043,575	$680,274	$895,490
	Survivors Pension:		1,017,693	54,612	47,663
	Disability Pension:		6,003,520	291,119	275,973
	Withdrawal Pension:		207,020	20,707	11,980
	TOTAL	59	$30,271,808	$1,046,712	$1,231,106
2.	Inactive Firefighters and Survivors:				
	Normal Retirees:	58	$37,568,894		
	Widows (Survivors):	21	2,615,860		
	Children (Survivors):	0	0		
	Disabled Retirees:	14	6,348,331		
	Deferred Vested:	0	0		
	Terminated/Separated:	0	0		
TOTAL		93	$46,533,085		

SUMMARY OF SPECIFIC VALUATION RESULTS (Continued)

		Entry Age Normal (EAN)	Projected Unit Credit (PUC)
3.	Total Actuarial Present Value of Projected Benefits:	$76,804,893	N/A
4.	Actuarial Present Value of Future Normal Costs:	9,428,981	N/A
5.	Actuarial Accrued Liability: [(3) - (4)]	67,375,912	65,064,206
6.	Actuarial Value of Assets:	27,599,873	27,599,873
7.	Unfunded Actuarial Accrued Liability (or Surplus): [(5) - (6)]	39,776,039	37,464,333
8.	Funded Ratio Percentage: [(6) ÷ (5)] x 100	40.96%	42.42%

HISTORY OF FUNDED PERCENTAGES

For the Year beginning January 1	Valuation Assets	EAN Accrued Liabilities	EAN Funded Percentage	PUC Accrued Liabilities	PUC Funded Percentage
2014	$27,599,873	$67,375,912	40.96%	$65,064,206	42.42%
2013	26,794,893	65,788,378	40.73	63,356,242	42.29
2012	27,715,000	64,661,538	42.86	62,240,237	44.53
2011	29,183,658	62,032,976	47.05	59,678,809	48.90

DEVELOPMENT OF RECOMMENDED MINIMUM CITY CONTRIBUTION

		Fiscal Year January 1, 2014 through December 31, 2014
1.	Entry Age Normal Cost:	$1,046,712
	Interest to December 31, 2014:	73,270
	(a) Total	$1,119,982
	(b) 17½% of Projected Payroll	717,326
	(c) Minimum Cost Payable, greater of (a) and (b):	$1,119,982
2.	Recommended Minimum Payment to Amortize 90 % of the Entry Age Normal Unfunded Accrued Liability <u>as a level dollar amount</u> over 26.99795 Years from January 1, 2014 with interest to December 31, 2014 :	2,756,330
3.	Credit for Surplus:	0
4.	Initial Recommended Minimum Contribution for Fiscal Year 2014: [(1) + (2) + (3)]	3,876,312
5.	Statutory Minimum Contribution (Exhibit 3B line 4)	3,145,816
6.	Total Recommended Minimum Contribution for Fiscal Year 2014: [Greater of Line 4 and Line 5]	3,876,312
7.	Active Member Contributions (9.455% of Salaries):	387,561
8.	Net Recommended Minimum City Contribution: [(6) - (7)]	3,488,751

DEVELOPMENT OF STATUTORILY REQUIRED CITY CONTRIBUTION
(NOTE THAT THIS CONTRIBUTION CALCULATION IS NOT RECOMMENDED)

		Fiscal Year January 1, 2014 through December 31, 2014
1.	Projected Unit Credit Normal Cost:	$1,231,106
	Interest to December 31, 2014:	86,177
	(a) Total	$1,317,283
	(b) 17½% of Projected Payroll	717,326
	(c) Minimum Cost Payable, greater of (a) and (b):	$1,317,283
2.	Minimum Payment to Amortize 90% of the Projected Unit Credit Unfunded Accrued Liability as a level percentage of payroll over 26.99795 Years from January 1, 2014 with interest to December 31, 2014:	1,828,533
3.	Credit for Surplus:	0
4.	Total Statutorily Required Contribution for Fiscal Year December 31, 2014: [(1) + (2) + (3)]	3,145,816
5.	Active Member Contributions (9.455% of Salaries):	387,561
6.	Statutorily Required City Contribution: [(4) - (5)]	2,758,255

RECONCILIATION OF THE CHANGE
IN THE RECOMMENDED MINIMUM CITY CONTRIBUTION

1.	Recommended Minimum Contribution for Year ending 12/31/2013:	$3,479,730
2.	Increase in Normal Cost and Amortization Payment due to anticipated pay changes:	118,731
3.	Increase/(Decrease) in Normal Cost resulting from actual pay changes:	(79,545)
4.	Effect of Asset Smoothing:	91,160
5.	Increase/(Decrease) resulting from changes in assumptions:	232,650
6.	Increase/(Decrease) resulting from other demographic and financial sources (retirements, deaths, new entrants, salary changes, etc.):	(1,084,471)
7.	Recommended Minimum Contribution for Year ending December 31, 2014:	$3,488,751

GASB STATEMENT NO. 25 DISCLOSURE INFORMATION

DEVELOPMENT OF THE ANNUAL REQUIRED CONTRIBUTION OF THE MUNICIPALITY

		Fiscal Year January 1, 2014 through December 31, 2014
1.	Entry Age Normal Cost	$1,046,712
2.	Actuarial Accrued Liability	67,375,912
3.	Actuarial Value of Assets*	27,599,873
4.	Unfunded Actuarial Accrued Liability	39,776,039
5.	Payment to Amortize Unfunded Actuarial Accrued Liability Over 40 Years from the Effective Date of Application of GASB 25 (19 years remaining)	2,820,881
6.	Total Annual Required Contribution for Fiscal Year December 31, 2014: [(1) + (5)]	3,867,593
7.	Active Member Contributions (9.455% of Salaries):	387,561
8.	**Annual Required Contribution (ARC) payable at the beginning of the current fiscal year: [(6) - (7)]**	**3,480,032**

*Excluding Contributions Receivable

DERIVATION OF EXPERIENCE GAIN(LOSS) AND COST METHOD CHANGE
AS OF JANUARY 1, 2014

1.	EANC Unfunded Actuarial Accrued Liability at 1/1/2013:	$38,993,485
2.	Entry Age Normal Cost Due at 1/1/2013:	1,030,844
3.	Interest on (1) and (2) to January 1, 2014 (at 7.50% per year):	3,001,825
4.	Contributions made for the prior year with interest to January 1, 2014:	4,236,117
5.	Expected EANC Unfunded Actuarial Accrued Liability at January 1, 2014 Before Assumption Changes [(1) + (2) + (3) - (4)]:	38,790,037
6.	Change in EANC Unfunded Actuarial Accrued Liability due to Assumptions Change at January 1, 2014:	3,357,327
7.	Expected Unfunded Actuarial Accrued Liability at January 1, 2014 [(5) + (6)]:	42,147,364
8.	Actual EANC Unfunded Actuarial Accrued Liability at January 1, 2014:	39,776,039
9.	Gain (Loss) for the prior Plan Year [(7) – (8)]:	$2,371,325

The experience gain (loss) reported above is the net result of the following:

1.	FINANCIAL SOURCES	
a)	Investment experience (based upon market value of assets):	$ 736,292
b)	Contribution experience:	170,811
c)	Benefit Payments experience:	(91,316)
d)	Salary increases (greater)/lower than expected:	605,373
	Total from Financial Sources:	1,421,160
2.	DEMOGRAPHIC SOURCES	
	Mortality, retirement, disability, termination, etc.:	2,265,683
3.	ACTUARIAL ADJUSTMENTS	
	Market value adjustment for asset smoothing, including expenses	(1,315,518)
4.	GAIN (LOSS) ALL SOURCES	
	Total Gain (Loss) for the prior Plan Year [(1) + (2) + (3)]	$2,371,325

SUMMARY OF DEMOGRAPHIC INFORMATION AS OF JANUARY 1, 2014

	Number	Projected Annual Salaries (Fiscal Year 2014)
Active Firefighters:	59	$4,099,008

	Number	Total Monthly Benefits
Normal Retirees:	58	$258,764
Survivors (Widows):	21	42,379
Survivors (Children):	0	0
Disabled Retirees:	14	41,274
Deferred Vested:	0	0
Terminated/Separated:	0	0 *

* Return of Contributions

The actuarial valuation was performed as of January 1, 2014 to determine contribution requirements for fiscal year 2014.

AGE AND SERVICE DISTRIBUTION

Attained Age	COMPLETED YEARS OF SERVICE											Average Salaries
	0-1	2-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total	
15-19											0	-
20-24											0	-
25-29		4	1								5	50,629
30-34		5	5								10	52,714
35-39		3	2	4							9	60,977
40-44			3	4	3	1					11	72,049
45-49			3		2	2					7	71,534
50-54				1	1	7	4				13	87,758
55-59				1		2	1				4	83,942
60-64											0	-
65+											0	-
TOTAL	0	12	14	10	6	12	5	0	0	0	59	69,475

Age = 42.23 Years

Service = 13.61 Years

ASSET INFORMATION

Cash, Money Market, IL Funds	$1,108,606
Certificates of Deposit	0
State, Local and Corporate Obligations	0
U.S. Government and Agency Obligations	0
Insurance Company Contracts	0
Pooled Investment Accounts	0
Mutual Funds	16,282,413
Common & Preferred Stock	9,262,934
Taxes Receivable	0
Accrued Interest	0
Other Receivables	0
Net Liabilities	0
Net Present Assets at Market Value	$26,653,953

The chart on the following page shows a percentage of invested assets.

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

1. Market Value of Assets, January 1, 2013** — $ 24,533,455

2. Actual Income and Disbursements in prior year weighted for timing

Item	Amount	Weight for Timing	Weighted Amount
Contributions Received During 2013-2014	4,095,340	50.00%	2,047,670
Miscellaneous Revenue	0	50.00%	0
Benefit Payments and Expenses Made During 2013-2014	4,534,668	(50.00)%	(2,267,334)
Total			(219,664)

3.	Market Value of assets adjusted for actual income disbursements [(1) + 2(d)]	24,313,791
4.	Assumed rate of return on plan assets for the year	7.50%
5.	Expected return on assets [(3) x (4)]	1,823,534
6.	Market Value of Assets, January 1, 2013	24,533,455
7.	Income (less investment income) for prior year	4,095,340
8.	Disbursements paid in prior year	4,534,668
9.	Market Value of Assets, January 1, 2014	$26,653,953
10.	Actual Return [(9) + (8) – (7) – (6)]	2,559,826
11.	Investment Gain/(Loss) for Prior Year [(10) – (5)]	736,292

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS
(Continued)

12. Market Value of Assets, January 1, 2014: $26,653,953

13. Deferred investment gains and (losses) for last 4 years:

	Plan Year Beginning	Gain/(Loss)	Percent Deferred	Deferred Amount
a)	2014**	$ 736,292	80%	$ 589,033
b	2013	$ (2,728,930)	60%	$ (1,637,358)
c)	2012	$ 125,458	40%	$ 50,183
d)	2011	$ 261,109	20%	$ 52,222
e)	Total	$ (1,606,071)		$ (945,920)

14. Actuarial value of plan assets for funding,, January 1, 2014: Item (12) less item 13(e): $ 27,599,873

15. Taxes receivable: 0

16. Actuarial value of plan assets for GASB reporting January 1, 2014 item (14) less item (15)*: $ 27,599,873

Notes: * excluding taxes receivable

* *The calculated value is determined by adjusting the market value of assets to reflect investment gains and losses (the difference between the actual investment return and the expected investment return) during each of the last five years at the rate of 20% per year.

ANALYSIS OF INVESTMENT RETURN

Fiscal Year Ending December 31	Annual Rate of Return
2013	**10.01%**
2012	9.71%
2011	2.58
2010	8.16
2009	1.91
2008	-11.28
2007	5.75
2006	8.41
2005	3.93
Composite	
2005-2013	3.09%
2005-2013 (excluding 2008)	5.04%

THIRTY - YEAR PROJECTION OF PAYMENTS

	Payouts from Active Group Upon					Payouts from		Total
	Termination		Death	Retirement	Disability	Retired Group	Deferred Pensioners	
Year	Lump Sum	Deferred Pension						
2014	2,903	0	15,018	90,049	34,364	4,104,367	0	4,246,701
2015	2,395	0	23,061	188,142	67,769	4,033,551	0	4,314,918
2016	2,063	0	22,677	300,143	103,949	3,965,445	0	4,394,277
2017	930	0	30,706	422,385	140,292	3,889,579	0	4,483,892
2018	0	0	36,972	552,883	177,468	3,810,685	0	4,578,008
2019	0	0	44,286	692,102	213,146	3,728,880	0	4,678,414
2020	0	0	51,342	824,070	245,394	3,643,999	0	4,764,805
2021	0	0	57,531	967,456	277,068	3,556,377	0	4,858,432
2022	0	0	64,982	1,097,170	305,870	3,466,123	0	4,934,145
2023	0	0	70,576	1,212,155	333,831	3,372,941	0	4,989,503
2024	0	0	77,767	1,329,166	362,163	3,276,747	0	5,045,843
2025	0	0	82,828	1,450,942	390,178	3,177,235	0	5,101,183
2026	0	0	89,123	1,591,746	419,581	3,074,307	0	5,174,757
2027	0	0	93,719	1,716,278	449,473	2,967,640	0	5,227,110
2028	0	0	99,255	1,827,548	480,260	2,856,851	0	5,263,914
2029	0	0	103,056	1,931,401	512,224	2,741,505	0	5,288,186
2030	0	0	107,817	2,074,651	541,593	2,621,303	0	5,345,364
2031	0	0	110,750	2,213,057	572,703	2,495,966	0	5,392,476
2032	0	0	115,044	2,341,663	602,359	2,365,352	0	5,424,418
2033	0	0	116,800	2,456,777	626,765	2,229,437	0	5,429,779
2034	0	0	120,276	2,571,579	649,985	2,088,365	0	5,430,205
2035	0	0	121,143	2,687,698	674,616	1,942,492	0	5,425,949
2036	0	0	123,618	2,796,350	696,848	1,792,641	0	5,409,457
2037	0	0	123,545	2,881,381	715,067	1,639,948	0	5,359,941
2038	0	0	124,809	2,947,655	729,480	1,485,695	0	5,287,639
2039	0	0	123,804	3,005,207	740,657	1,331,570	0	5,201,238
2040	0	0	123,822	3,050,380	755,672	1,179,435	0	5,109,309
2041	0	0	120,917	3,083,915	763,495	1,031,353	0	4,999,680
2042	0	0	119,819	3,099,498	767,931	889,458	0	4,876,706
2043	0	0	116,478	3,098,238	766,778	755,838	0	4,737,332

ACTUARIAL ASSUMPTIONS

(Economic)

Investment Return
7.00% per annum, compounded annually (net of expenses).

Salary Increases
Representative values of assumed salary increases are as follows:

Age	Increase %
25	4.8611
30	2.9848
35	2.0341
40	1.5239
45	1.3083
50	1.1846
55	1.1220

An additional inflation allowance of 2.00% per year is added to the above.

Payroll Growth
It was assumed that payroll will grow 3.50% per year.

Cost of Living Adjustments
It was assumed that the Consumer Price Index – Urban (CPI-U) would increase 2.00% per year

Actuarial Asset Basis
The actuarial value of assets recognizes future gains and losses based on a 5-year smoothed market method as prescribed by Statute.

In a 5-year smoothed market method, the current market value of assets is reduced (increased) for the current year and each of three succeeding years, by a portion of the gain/(loss) in market value during the prior year. Such gain/(loss) is determined as the excess/(deficit) of the current market value of assets over the market value of assets as of the prior year, increased to reflect interest at the actuarial rate and adjusted to reflect contributions and benefit payments during the prior year. The portion of such gain/(loss) by which the current market value of assets is reduced (increased) shall be 80% in the current year, 60% in the first succeeding year, 40% in the second succeeding year and 20% in the third succeeding year.

Additionally, in accordance with government accounting standards, the actuarial value of assets is adjusted to remove any contributions receivable on the reporting date.

Expenses
None assumed.

(Demographic)

Mortality

Active Lives

RP-2000 Combined Healthy Mortality Table (male) with blue collar adjustment and with a 200% load for participants under age 50 and 125% for participants age 50 and over. Five percent (5%) of deaths amongst active firefighters are assumed to be in the performance of their duty.

Non-Active Lives

RP-2000 Combined Healthy Mortality Table (male) with blue collar adjustment and with a 200% load for participants under age 50 and 125% for participants age 50 and over.

Termination

Illustrative rates of withdrawal from the plan for reasons other than death or disability are as follows:

Age	Rate of Withdrawal
20	.0397
25	.0250
30	.0146
35	.0079
40	.0042
45	.0029

It is assumed that terminated firefighters will not be rehired

Disability Rates

Incidence of disability amongst firefighters eligible for disability benefits:

Age	Rate
25	.0009
30	.0025
35	.0046
40	.0065
45	.0097
50	.0166
55	.0314

15% of disabilities amongst active firefighters are assumed to be in the performance of their duty.

Retirement Rates

Retirements are assumed to occur between the ages of 50 and 69 in accordance with the following table:

Age	Rate of Retirement	Age	Rate of Retirement
50	.19	60	.28
51	.12	61	.36
52	.04	62	.44
53	.06	63	.52
54	.09	64	.60
55	.12	65	.68
56	.15	66	.76
57	.19	67	.84
58	.22	68	.92
59	.25	69	1.00

(Additional)

Marital Status

85% of firefighters are assumed to be married.

Spouse's Age

Wives are assumed to be 3 years younger than their husbands.

Actuarial Cost Method

Projected Unit Credit for statutory minimum
Entry Age Normal for recommended and GASB reporting

SUMMARY OF PRINCIPAL PLAN PROVISIONS

Definitions

Tier 1 – For Firefighters first entering Article 4 prior to January 1, 2011

Tier 2 – For Firefighters first entering Article 4 after December 31, 2010

Firefighter (4-106): Any person employed in the municipality's fire service as a firefighter, fire engineer, marine engineer, fire pilot, bomb technician or scuba diver.

Creditable Service (4-108): Time served by a firefighter, excluding furloughs and leaves of absence in excess of 30 days, but including leaves of absence for illness or accident and periods of disability where no disability pension payments are received and also including up to 3 years during which disability payments have been received provided contributions are made.

Creditable Service from other specified agencies is also included. Combined service credit option is available on a voluntary basis.

Pension (4-109)

Normal Pension Age
Tier 1 - Age 50 with 20 or more years of creditable service.

Tier 2 - Age 55 with 10 or more years of creditable service.

Normal Pension Amount
Tier 1 - 50% of the greater of the annual salary held in the year preceding retirement or the annual salary held on the last day of service, plus 2½% of such annual salary for service from 20 to 30 year (maximum 25%)].

Tier 2 - 2½% of Final Average salary for each year of service. Final Average Salary is the highest salary based on the highest consecutive 96 months of the final 120 months of service

Early Retirement at age 50 with 10 or more years of service but with a penalty of ½% for each month prior to age 55.

Annual Salary capped at $106,800 increased yearly by the lesser of ½ of the Consumer Price Index- Urban (CPI-U) or 3%. Salary for valuations beginning in 2013 is $109,971.43.

Minimum Monthly Benefit: $1,000
Maximum Benefit Percentage: 75% of salary
Minimum Monthly Benefit: Annual step rate increases from $1,030.00 to $1,159.27.

Maximum Benefit Percentage: 75% of salary except line of duty.

SUMMARY OF PRINCIPAL PLAN PROVISIONS
(Continued)

Termination Pension Amount
Any firefighter who retires or is separated from service with at least 10, but less than 20 years of credited service, shall be entitled to a monthly pension commencing at age 60 equal to the monthly rate of compensation based on rank at separation multiplied by the applicable percentage below:

Years of Credited Service	Applicable Percentage
10	15.0 %
11	17.6
12	20.4
13	23.4
14	26.6
15	30.0
16	33.6
17	37.4
18	41.4
19	45.6

Pension Increase

Non-Disabled
Tier 1 - 3% increase of the original pension amount after attainment of age 55 for each year elapsed since retirement, followed by an additional 3% of the original pension amount on each January thereafter. Effective July 1, 1993, 3% of the amount of pension payable at the time of the increase including increases previously granted, rather than 3% of the originally granted pension amount.

Tier 2 - The lesser of ½ of the Consumer Price Index- Urban (CPI-U) or 3% increase of the original pension amount after attainment of age 60, followed by an additional 3% of the original pension amount on each January 1 thereafter. For firefighters who retire after January 1, 1986, 3% increase of the original pension amount after attainment of age 55 for each year elapsed since retirement, followed by an additional 3% in each January thereafter.

For firefighters who retire prior to January 1, 1986, but after July 1, 1971, the 3% increase commences at age 60, and for firefighters who retire before July 1, 1971, the 3% increase commences at age 65.

Disabled
3% increase of the original pension amount after attainment of age 60, followed by an additional 3% of the original pension amount in each January thereafter.

Pension to Survivors (4-114)

Eligibility
Death of a firefighter:

(1) on active duty as a result of any illness or accident;

(2) on disability retirement;

(3) on retirement with 20 years of service;

(4) as a terminated member who has rights to a benefit at age 60; and

(5) as a deferred pensioner.

SUMMARY OF PRINCIPAL PLAN PROVISIONS
(Continued)

Death Benefit
Tier 1 - 54% of annual salary based on attained rank at date of separation of service to surviving spouse, plus 12% of such salary to dependent children under 18.

100% of annual salary if death occurs in the line of duty.

Depending upon the survival of the spouse, dependent children benefits may increase to a level of 20% of firefighter's salary.

Greater of 100% of monthly retirement benefit or 54% of annual salary if completed 20 years of service or on disability retirement.

Tier 2 – 66 2/3% of pension amount to surviving spouse (or dependent children), subject to the following increase: the lesser of ½ of the Consumer Price Index- Urban (CPI-U) or 3%.increase of the original pension amount after attainment of age 60, followed by an additional 3% of the original pension amount on each January 1 thereafter.

Minimum Monthly Survivor Pension
Annual step rate increases from $1,030.00 to $1,159.27.

Maximum Survivor Pension
75% of such firefighter's salary.

Disability Pension - Line of Duty (4-110)

Eligibility
Suspension or retirement from fire service due to sickness, accident or injury while on duty.

Pension
Greater of 65% of salary attached to rank at date of suspension or retirement and the retirement pension available.

Minimum Monthly Benefit: Annual step rate increases from $1,030.00 to $1,159.27.

For each dependent child under 18, an additional $20 per month increased annually is granted each disabled member. Maximum total benefit is 75% of salary.

Disability Pension - Not on Duty (4-111)

Eligibility
Suspension or retirement from fire service for any cause other than while on duty. Member must have at least 7 years of credited service.

Pension
50% of salary attached to rank at date of suspension or retirement.

Disability Pension - Occupational Disease (4-110.1)

Eligibility
Suspension or retirement from service after 5 years of service from causes of heart disease, cancer, tuberculosis or other lung disease.

Pension
Same pension as in line of duty.

SUMMARY OF PRINCIPAL PLAN PROVISIONS
(Continued)

Disability Pension Option A (4-113(a))

Eligibility
Member receiving a disabled pension who attains age 50 and whose years of creditable service and years of disablement total 20 years.

Pension Option
Eligible for pension increase upon conversion to retirement. Pension amount remains the same at date of conversion but subject to annual pension increases.

Disability Pension Option B (4-113(b))

Eligibility
Member receiving disability pension who attains age 50 and who had 20 years of creditable service at date of disablement.

Pension Option
Convert to normal pension based upon years of service at disablement and salary attached to rank on date of election.

Other Provisions

Refund (4-116)
At death with no survivors, contributions are returned to estate.

At termination with less than 20 years of service, contributions are refunded upon request.

Contributions by Firefighters (4.118.1)
9.455% of salary, including longevity, but excluding overtime pay, holiday pay, bonus pay, merit pay or other cash benefit. Additional 1% of salary if combined service credit option is selected.

GLOSSARY

Actuarial Accrued Liability
See ***Entry Age Normal Cost*** *Method and* ***Projected Unit Credit Cost*** *Method.*

Actuarial Assumptions
The economic and demographic predictions used to estimate the present value of the plan's future obligations. They include estimates of investment earnings, salary increases, mortality, withdrawal and other related items. The *Actuarial Assumptions* are used in connection with the *Actuarial Cost Method* to allocate plan costs over the working lifetimes of plan participants.

Actuarial Cost Method
The method used to allocate the projected obligations of the plan over the working lifetimes of the plan participants. Also referred to as an *Actuarial Funding Method.*

Actuarial Funding Method
See *Actuarial Cost Method*

Actuarial Gain (Loss)
The excess of the actual *Unfunded Actuarial Accrued Liability* over the expected *Unfunded Actuarial Accrued Liability* represents an *Actuarial Loss.* If the expected *Unfunded Actuarial Accrued Liability* is greater, an *Actuarial Gain* has occurred.

Actuarial Present Value
The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of *Actuarial Assumptions.*

Actuarial Value of Assets
The asset value derived by using the plan's *Asset Valuation Method.*

Asset Valuation Method
A valuation method designed to smooth random fluctuations in asset values. The objective underlying the use of an asset valuation method is to provide for the long-term stability of employer contributions.

Employee Retirement Income Security Act of 1974 (ERISA)
The primary federal legislative act establishing funding, participation, vesting, benefit accrual, reporting, and disclosure standards for pension and welfare plans.

GLOSSARY
(Continued)

Entry Age Normal Cost Method
One of the standard actuarial funding methods in which the *Present Value of Projected Plan Benefits* of each individual included in the *Actuarial Valuation* is allocated on a level basis over the earnings of the individual between entry age and assumed exit age(s). The portion of this *Actuarial Present Value* allocated to a valuation year is called the *Normal Cost*. The portion of this *Actuarial Present Value* not provided for at a valuation date by the *Actuarial Present Value* of future *Normal Costs* is called the *Actuarial Accrued Liability*.

Normal Cost
The portion of the *Present Value of Projected Plan Benefits* that is allocated to a particular plan year by the *Actuarial Cost Method*. See *Entry Age Normal Cost Method* for a description of the Normal Cost under the *Entry Age Normal Cost Method*. See *Projected Unit Credit Cost Method* for a description of the Normal Cost under the *Projected Unit Credit Cost Method*.

Present Value of Future Normal Costs
The present value of future normal costs determined based on the *Actuarial Cost Method* for the plan. Under the *Entry Age Normal Cost Method*, this amount is equal to the excess of the *Present Value of Projected Plan Benefits* over the sum of the *Actuarial Value of Assets* and *Unfunded Actuarial Accrued Liability*.

Present Value of Projected Plan Benefits
The present value of future plan benefits reflecting projected credited service and salaries. The present value is determined based on the plan's actuarial assumptions.

Projected Unit Credit Cost Method
One of the standard actuarial funding methods in which the *Present Value of Projected Plan Benefits* of each individual included in the *Actuarial Valuation* is allocated by a consistent formula to valuation years. The *Actuarial Present Value* allocated to a valuation year is called the *Normal Cost*. The *Actuarial Present Value* of benefits allocated to all periods prior to a valuation year is called the *Actuarial Accrued Liability*.

Statement No. 25 of the Governmental Accounting Standards Board (GASB No. 25)
The accounting statement that established the standards of financial accounting and reporting for the financial statements of defined benefit pension plans.

Unfunded Actuarial Accrued Liability
The excess of the *Actuarial Accrued Liability* over the *Actuarial Value of Assets*.

NOTES

City of Moline
Employer Contributions to Moline Police and Fire Pension Plans

Year	Police	Fire	Total
1985	$614,800	$827,431	$1,442,231
1986	$606,613	$820,697	$1,427,310
1987	$558,497	$697,389	$1,255,886
1988	$630,180	$802,230	$1,432,410
1989	$125,891	$277,361	$403,252
1990	$68,924	$302,062	$370,986
1991	$177,991	$391,568	$569,559
1992	$186,786	$406,479	$593,265
1993	$320,753	$553,640	$874,393
1994	$364,996	$571,266	$936,262
1995	$399,116	$688,303	$1,087,419
1996	$446,612	$753,477	$1,200,089
1997	$578,683	$871,239	$1,449,922
1998	$752,734	$926,518	$1,679,252
1999	$697,710	$818,110	$1,515,820
2000	$452,846	$561,447	$1,014,293
2001	$416,469	$629,020	$1,045,489
2002	$520,355	$680,576	$1,200,931
2003	$546,988	$658,216	$1,205,204
2004	$965,413	$1,185,410	$2,150,823
2005	$955,823	$1,162,068	$2,117,891
2006	$1,044,899	$1,229,564	$2,274,463
2007	$1,171,109	$1,337,039	$2,508,148
2008	$1,291,059	$1,528,017	$2,819,076
2009	$1,448,891	$1,718,452	$3,167,343
2010	$2,094,552	$2,328,594	$4,423,146
2011	$2,280,805	$2,679,017	$4,959,822
2012	$3,076,829	$3,007,810	$6,084,639
2013	$2,964,365	$3,279,525	$6,243,890
2014	$3,114,870	$3,479,730	$6,594,600
2015	**$3,542,595**	**$3,488,751**	**$7,031,346**

Moline Police and Fire Pension Funds

July 15, 2014

Moline Pension Plans

The City of Moline participates in three defined benefit plans:

- IMRF
- Police
- Firefighters

How are Moline Pensions Funded?

- There are three sources of funding
  - Member Contributions
  - Employer Contributions (property tax)
  - Investment Income
- Since member contributions are fixed by statute and investment income varies based upon market returns, employer contributions need to fund the balance and thus are variable.

Investment Returns

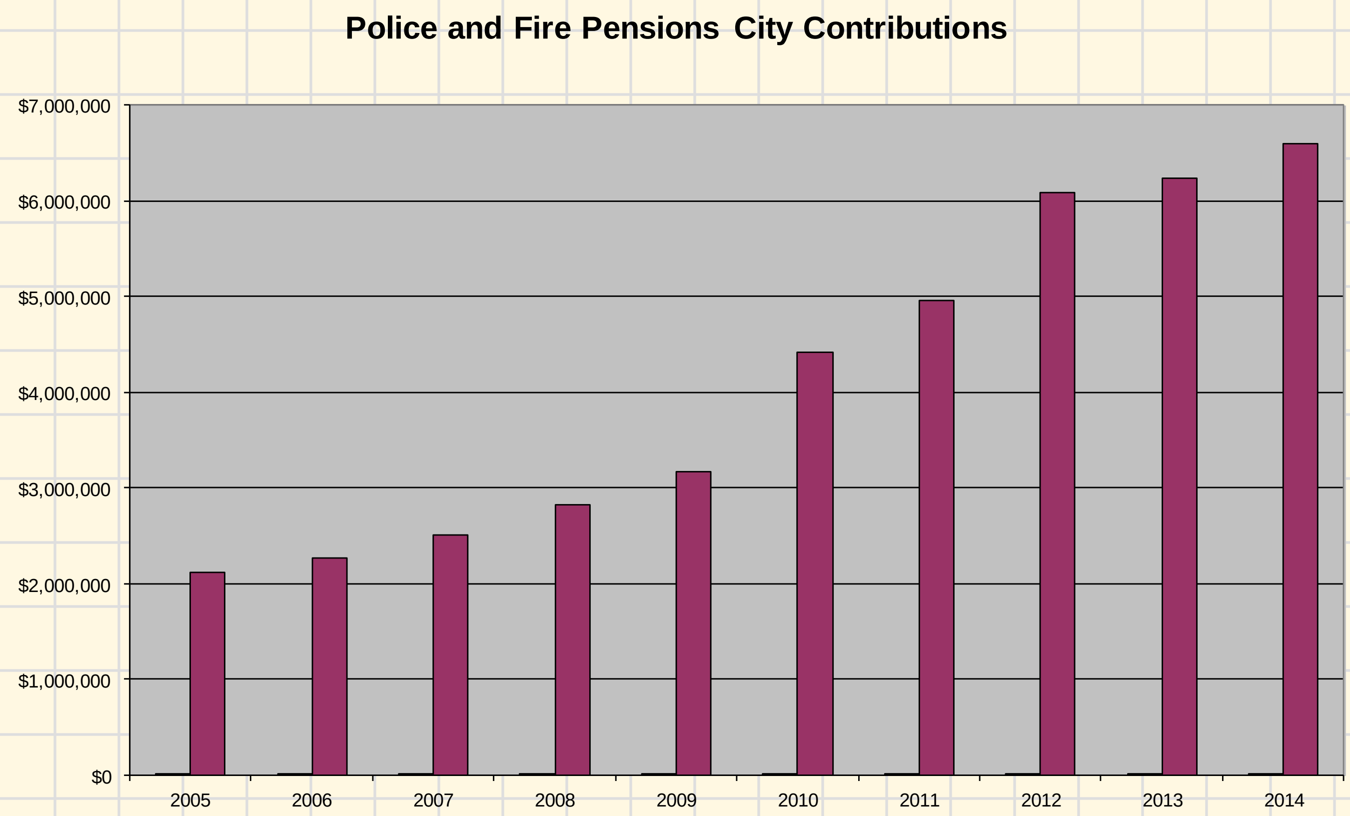
	2012	2013
• IMRF	3.50%	20.00%
• Firefighters'	9.71%	10.01%
• Police	10.22%	10.11%

All plans have an expected actuarial assumed return of 7.5%

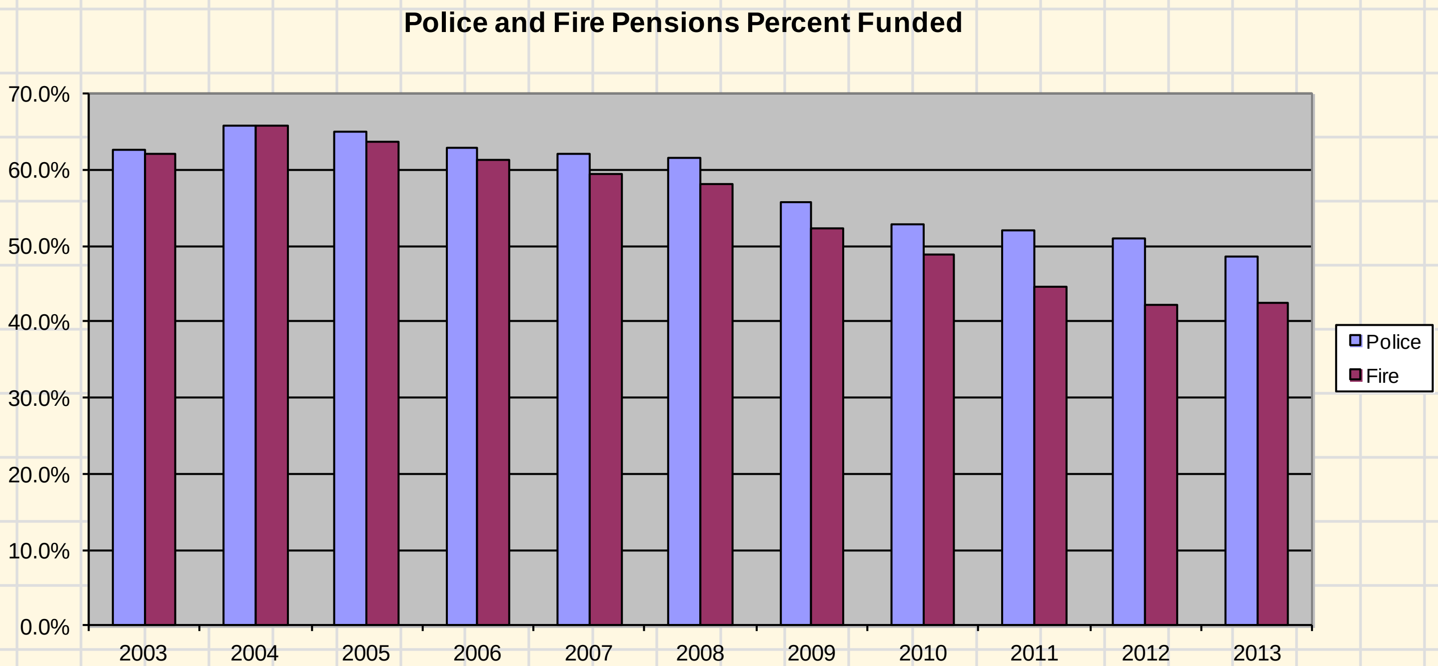
Year	Police	Fire
2013	10.11	10.01
2012	10.22	9.71
2011	2.53	2.58
2010	9.23	8.16
2009	4.3	1.91
2008	-11.54	-11.28
2007	7.46	5.75
2006	7.3	8.41
2005	4.55	3.93
2004	7.86	5.31

Year	Police	Fire
2013	10.11	10.01
2012	10.22	9.71
2011	2.53	2.58
2010	9.23	8.16
2009	4.3	1.91
2008	-11.5	-11.28
2007	7.46	5.75
2006	7.3	8.41
2005	4.55	3.93
2004	7.86	5.31
Average	5.202	4.449

Year	Police	Fire
2013	10.11	10.01
2012	10.22	9.71
2011	2.53	2.58
2010	9.23	8.16
2009	4.3	1.91
2008	-11.5	-11.28
2007	7.46	5.75
2006	7.3	8.41
2005	4.55	3.93
2004	7.86	5.31
Avg w/o 2008	7.06	6.19

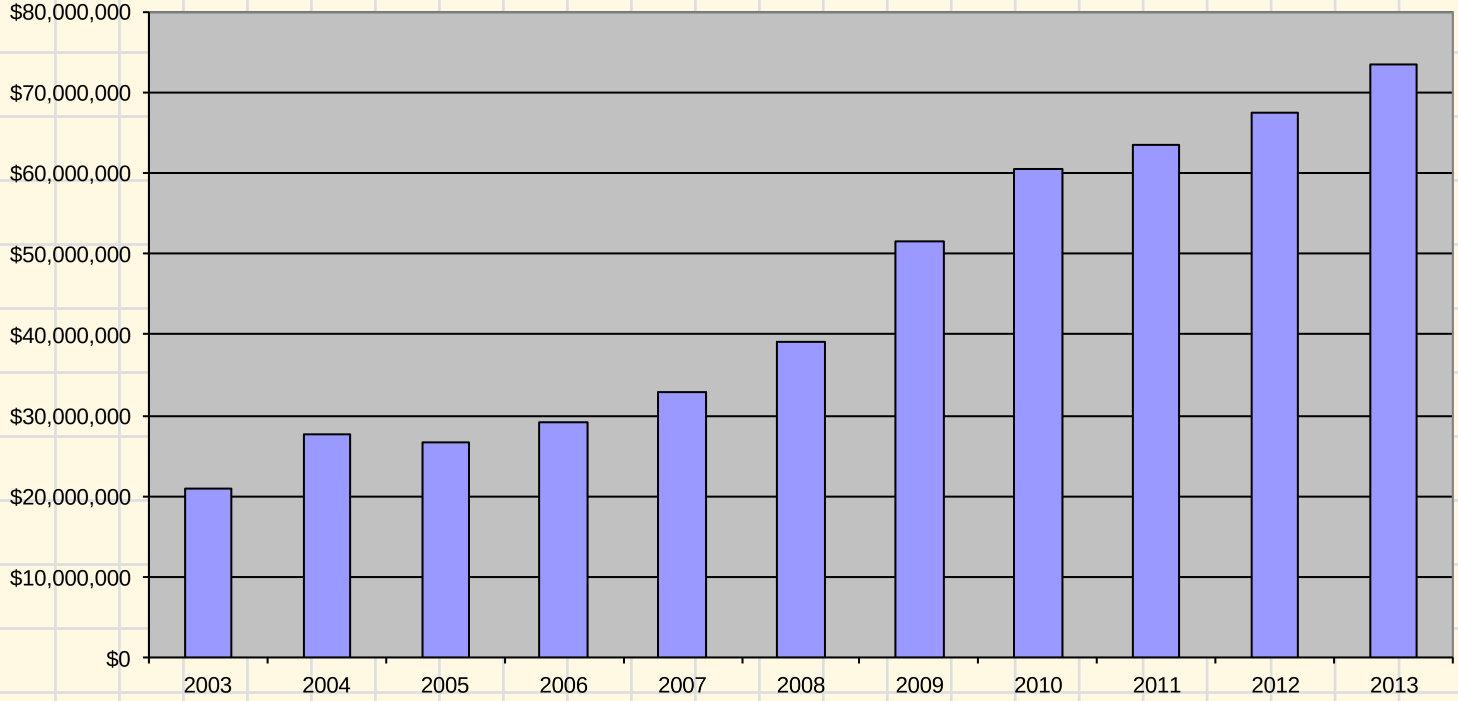


The City's contribution to the Police and Firefighters' Pension funds has increased significantly over the past 10 years. It has increased from $2,117,891 in 2005 to $6,594,600 in 2014.



While the funding from the city has increased substantially over the past ten years, the level of funding as calculated by the city's actuary for these two pension funds has gone down. The Fire Pension was funded at 70.44% in 2003. For 2013 it has dropped to 40.96%. In 2003 the Police Pension Fund was 70.14% funded and it is now at 46.11% funded.

Unfunded Liability Police and Fire Pensions



This chart shows the level of unfunded liability over a ten year period for both funds. In 2013 the total for both funds exceeds $73 million. The current unfunded liability equates to more than $506,944 per active employee or more than $1,720 per capita for our citizens.

Pension Assets

	2008	2009	2010	2011	2012	2013	2014	2015
Police	$27,746,093	$29,143,824	$25,291,113	$26,204,232	$30,552,244	$31,613,555	$32,154,576	$33,891,593
Fire	$28,512,971	$29,178,270	$25,012,439	$24,987,381	$29,183,658	$27,715,000	$26,794,893	$27,599,873
Total	$56,259,064	$58,322,094	$50,303,552	$51,191,613	$59,735,902	$59,328,555	$58,949,469	$61,491,466

Unfunded Liabilities

	2008	2009	2010	2011	2012	2013	2014	2015
Police	$16,832,351	$18,095,305	$27,395,186	$28,250,696	$27,307,455	$29,146,252	$30,962,286	$35,914,682
Fire	$19,394,473	$20,978,977	$29,466,587	$32,351,338	$30,495,151	$34,525,237	$36,561,349	$37,464,333
Total	$36,226,824	$39,074,282	$56,861,773	$60,602,034	$57,802,606	$63,671,489	$67,523,635	$73,379,015

Employer Contributions

	2008	2009	2010	2011	2012	2013	2014	2015
Police	$1,317,184	$1,475,079	$2,071,356	$2,222,982	$2,280,805	$3,075,321	$3,114,871	$3,542,595
Fire	$1,578,334	$1,770,872	$2,330,188	$2,622,169	$2,679,017	$3,279,523	$3,479,730	$3,488,751
Total	$2,895,518	$3,245,951	$4,401,544	$4,845,151	$4,959,822	$6,354,844	$6,594,601	$7,031,346

Impact on 2015 Budget

	2014	2015	Diff
Police	$3,114,871	$3,542,595	$427,724
Fire	$3,479,730	$3,488,751	$9,021
Total	$6,594,601	$7,031,346	$436,745

Recommendation

- Accept the 2014 Actuarial Valuation Reports for the Moline Police and Moline Firefighters' Pension Plans.