



ConradSiegel.com

September 26, 2016

Mr. Mark Hiester  
Penn Township, Lancaster County  
97 North Penryn Road  
Manheim, PA 17545

Re: Pension Plan – Proposal for Actuarial Services

Dear Mark:

In response to your RFP, enclosed please find six copies of our proposal. You will see that my partner, John Vargo, is identified as your consultant. John has over 20 years of experience with Act 205 plans. You may remember working with John on a post-retirement medical project at East Cocalico Township.

Please contact John or I if there are questions regarding this proposal. We look forward to hearing from you.

Respectfully submitted,

Thomas L. Zimmerman, F.S.A.  
Consulting Actuary

TLZ:kad

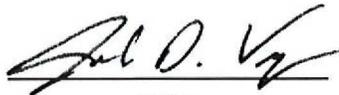
Encl.

cc: John Vargo

**PROPOSAL** for  
Actuarial Services

Penn Township Non-Uniformed  
Employees Pension Plan

Prepared by:

  
name

September 2016  
date

John D. Vargo, F.S.A.  
Consulting Actuary  
[johnvargo@conradseigel.com](mailto:johnvargo@conradseigel.com)  
501 Corporate Circle  
Harrisburg, PA 17110  
717-652-5633  
717-540-9106  
[www.conradseigel.com](http://www.conradseigel.com)



501 Corporate Circle  
P.O. Box 5900  
Harrisburg, PA 17110

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# QUALIFICATIONS

## & Professional Staff

### Minimum Qualifications



**Conrad Siegel Actuaries** is an independently-owned firm based in Harrisburg for over 50 years. We work with hundreds of Pennsylvania municipalities and corporations. The municipal clients include boroughs, townships, regional police forces, and large Third Class Cities. Our formula for success is rooted in our actuarial expertise and our clients' satisfaction with the quality of service we provide.

### Independent, Objective Advice

- Committed to providing objective, unbiased advice.
- Using sound actuarial principles.
- Ownership of firm is distributed approximately evenly among 18 consultants. We are organized as a Pennsylvania Corporation.

### Proactive, Cost-Effective Solutions

- Continuously monitor actuarial assumptions and methods, taking into consideration current demographics and economic trends.
- Assessing funding strategies for both current and future years to provide you with the most cost-effective solutions to match your goals with your employees' needs.
- With 100 professionals, including over 20 actuaries, we are one of the 25 largest actuarial firms in the United States measured by number of actuaries on staff.
- Anticipating issues before they develop into problems.

### Precision

- Timely and accurate reports.
- A professional staff that pays attention to the details for you.
- In-house legal counsel and compliance committee designed to ensure compliance with reporting requirements and plan operation.

### Municipal Expertise

- Provide actuarial services to approximately 275 Pennsylvania municipal pension plans that are covered by Act 205.
- We are one of two actuaries who serve as a consultant to the Public Employee Retirement Commission. In this role, we provide actuarial notes on proposed bills that pass through the State legislature. We also consult from time to time with the Municipal Pension Department of the Auditor General's office. We have close contacts within both of these agencies and are often able to cut through the red tape to help our clients address specific issues.
- In-house systems personnel and technology—we own and maintain our own computer systems—offering the flexibility to make modifications as necessary in response to your needs and changes in regulations.
- We are a local firm with the resources and expertise of a large national firm.

**Our mission is to provide excellent, independent, professional actuarial consulting, employee benefit consulting, and employee benefit administration services to our clients.**

### Experience With Pennsylvania Municipal Retirement Plans

#### 1. Actuaries and Actuarial Staff:

- a. Principal Actuary: Identify the principal actuary by name and give the year such actuary became an enrolled actuary under Section 3042 of the Employees' Retirement Income Security Act of 1974 and the number of years of experience with Pennsylvania municipal retirement plans. Also, indicate the number of Pennsylvania municipal retirement plans, and retirement plans in general, for which the principal actuary has primary client responsibility.



**Conrad Siegel Actuaries** has unmatched actuarial depth and experience. Our five fully-accredited Fellows of the Society of Actuaries have over 100 years of combined PA Municipal expertise. One of the advantages of working with **Conrad Siegel Actuaries** is that all services are provided from one office with no outside consultants. The principal actuary assigned to this engagement will be John Vargo, F.S.A. John became an Enrolled Actuary under ERISA in 2001. He has over 20 years of experience with Pennsylvania municipal retirement plans and is the principal actuary with primary client responsibility for 70 municipal plans. John is proficient in providing actuarial services under Act 205 and Act 600 as well as providing special consulting expertise in preparing actuarial benefit cost studies, assistance with the collective bargaining process, providing testimony in Act 111 arbitrations, and the accounting for Pensions under GASB 67 and GASB 68.

- b. Identify other actuaries employed by the actuarial consulting firm who are certified to perform actuarial services under Act 205 and the number of years of experience with Pennsylvania municipal retirement plans.

In addition to John Vargo, the following actuaries are certified to perform actuarial services under Act 205:

- David H. Killick, F.S.A., has over 30 years of experience with Pennsylvania municipal retirement plans.
- Jeffrey S. Myers, F.S.A., has over 30 years of experience with Pennsylvania municipal retirement plans.
- Thomas L. Zimmerman, F.S.A., has over 30 years of experience with Pennsylvania municipal retirement plans.
- Ashley A. Wise, F.S.A., has over 10 years of experience with Pennsylvania municipal retirement plans.

- c. Provide the total number of enrolled actuaries employed by the actuarial consulting firm.

**Conrad Siegel Actuaries** is proud to have one of the largest concentrations of enrolled actuaries in one location with 18 of our team members having attained the designation of enrolled actuary.

- d. Provide the number of actuarial support staff who perform actuarial calculations for Pennsylvania municipal retirement plans.

**Conrad Siegel Actuaries** has 20 professionals who provide actuarial support and actuarial calculations for Pennsylvania municipal retirement plans. Many of these individuals are enrolled

actuaries or in the process of sitting for actuarial exams in order to become fully accredited actuaries.

- e. We do not use any advisors or subcontractors. All of our Act 205 and pension administration work is performed by employees of **Conrad Siegel Actuaries**.
- f. We have intimate knowledge of Act 205, having worked with it extensively since its adoption in 1984. In fact, our founder, Conrad Siegel, assisted the State authorities in drafting this funding law. Act 205 governs the funding of all the 275 Pennsylvania municipal pension plans for which we serve as actuary.
- g. Your contact person will be the principal actuary, John Vargo.

## 2. Firm History and Operations

- a & b. For how many years has the firm been providing actuarial services to Pennsylvania Municipal Retirement Plans?

We have been providing actuarial services to Pennsylvania Municipal Retirement Plans since our inception in 1963.

- c. For how many Pennsylvania Municipal Retirement Plans is your firm currently providing actuarial services?

We provide actuarial services to approximately 275 Pennsylvania municipal pension plans that are covered by Act 205.

- d. From what office location will the firm provide actuarial services to the Township's pension plan?  
All services will be provided in our Harrisburg, PA office.

- e. Describe the ownership structure of the firm, including the relationships of each branch office to the branch offices and to the headquarters. Identify the individual or individuals who have overall responsibility for the firm's operations.

We have only one office. Ownership of the firm is distributed approximately evenly among 18 consultants. The operations of **Conrad Siegel Actuaries** are nearly entirely focused on retirement plan operations. The structure consists of the following:

- Board of Directors made up of the firm's partners
- Management Committee
- Five committees each of which are responsible for leading a specific line of business in the areas of defined benefit plans, defined contribution plans, investment advisory service, health and welfare plans, and postretirement medical benefits
- Three support committees in the areas of human resources, compliance, and information technology

- f. Please describe any material developments in the ownership structure of your organization over the past three years. Describe any planned material changes in your organization in detail.

There have been no material changes in the ownership structure of the firm. There are no future material changes expected.

# QUALIFICATIONS

## & Professional Staff



- g. If the client contact person is other than the actuary, please identify who will be the client contact person on the account?

The client contact will be the Consulting Actuary, John Vargo, F.S.A.

## Of Services

### Regular Services



The successful actuarial firm will be required to perform the following actuarial services for the Pension Plan on an annual or biennial basis:

We enjoy an unparalleled reputation for providing quality service and prompt responses to our clients' inquiries. You will have one contact person—an experienced consulting actuary—who will provide you with personalized service and assist you with your day-to-day questions. While pension funding can be

a complicated issue, we have extensive experience in communicating difficult concepts to our clients in an understandable fashion. This level of communication is built on over 50 years of experience in consulting with Pennsylvania municipalities, ranging in size from one employee to hundreds of employees.

**Conrad Siegel Actuaries** combines knowledgeable staff and in-house systems personnel and technology to offer the following comprehensive actuarial services.

### Services for the Penn Township Non-Uniformed Employees Pension Plan:

1. Prepare the actuarial valuation reports as of January 1 of each odd-numbered year, beginning January 1, 2017. The reports include benefit information on all members in the plans, as well as plan funding information. The valuation process will include a review of the actuarial assumptions as well as the plan's overall condition.
2. Prepare the Act 205 forms to be submitted to the Public Employee Retirement Commission (now the Auditor General) every other year, beginning January 1, 2017.
3. Prepare annual benefit statements showing benefit information for each member of the plan beginning January 1, 2017.
4. Determine the minimum municipal obligation (MMO) required by Act 205 to be submitted by the Chief Administrative Officer to the governing body by September 30 of each year.
5. Each year, we will prepare a report reflecting the actuarial components needed for your GASB 67 & 68 statements.
6. We will review and comment on form AG-385, initially prepared by the Township.
7. Assist the Township in determining pension benefits for retired and terminated members.
8. We will provide other assistance as required or requested by the Township Manager and the Board of Supervisors.

### Additional Services

**Conrad Siegel Actuarial** is also able to perform many additional services for the Township's plans. The list below is a sample of what we can offer:

1. Inform the Township of legislative and regulatory changes that may be applicable to the plans.
2. Provide actuarial studies for benefit cost estimates and additional actuarial services upon the request of the Township.
3. Provide the necessary documentation or actuarial testimony during labor negotiations, and assist with arbitration if needed.
4. Prepare (or assist the solicitor in preparing) plan documents including amendments, Summary Plan Descriptions, and ordinances or resolutions as needed by the Township.
5. Provide assistance and attend meetings as requested by Township Officials.

## References



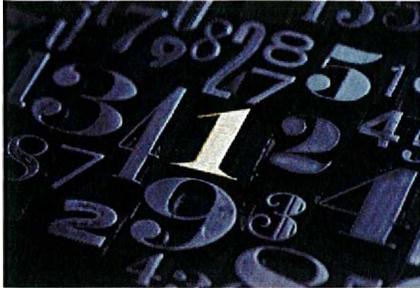
Ms. Dawn Stratchko, Treasury/Finance Officer  
(717) 569-6408  
finance@manheimtownship.org



Mr. Gordon Watts, Manager  
(717) 838-1373  
gwwmgr@nlondtwp.com



David Steffen, Chief of Police  
(717) 733-0965  
steffend@nlcrpd.org



## Regular Actuarial Services

Annual fee in years which actuarial valuation report is required under Act 205: \$4,500\*

Annual fee in years which actuarial valuation report is NOT required under Act 205: \$2,500\*

\*includes an annual GASB 67/68 actuarial report

**Please indicate for how many years the above fees will stay in effect. If the fees are subject to increase, please provide fees for prospective contract years.**

The fees are effective for 2017 and 2018. After 2018, fees will increase at about the rate of inflation.

## Additional Services

**Please indicate whether the above fees include the additional services listed under the Scope of Services section of this RFP.**

Additional services are not included in the above regular fees. We are happy to provide you with a "not to exceed" fee quote for any additional services prior to the commencement of the work.

**If the above fees do not include the additional services, please indicate an hourly fee for the principal actuary and the other actuaries and support staff who will perform services under the contract.**

Actuary: John D. Vargo & other actuarial consultants	\$270/hr
Actuarial Analyst:	\$130 to \$195/hr
Support Staff:	No charge for Support Staff

## Act 44 Disclosure Form

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### **ACT 44 DISCLOSURE FORM FOR INDIVIDUALS/ENTITIES PROVIDING PROFESSIONAL SERVICES TO A PENN TOWNSHIP PENSION PLAN OR SUBMITTING PROPOSALS FOR PROFESSIONAL PENSION SERVICES TO A PENN TOWNSHIP PENSION PLAN**

CHAPTER 7-A OF ACT 44 OF 2009 MANDATES the disclosure of certain information by every entity (hereinafter "**Contractor**") which is a party to a professional services contract with Penn Township (hereinafter the "**Requesting Municipality**") funded by one or more of the pension funds of the **Requesting Municipality**. Act 44 disclosure requirements apply to **Contractors** who currently provide professional pension services or are submitting proposals to provide professional services and do or may receive payment of any kind from the **Requesting Municipality's** pension fund(s). The **Requesting Municipality** has determined that your company falls under the requirements of Act 44 and must complete this disclosure form. You are expected to submit this completed form, to the **Requesting Municipality**, along with your proposal, and if selected as a **Contractor** by the **Requesting Municipality**, by January 31 of each successive calendar year in which you are a **Contractor**, to:

**Township Manager  
Penn Township  
97 North Penryn Road  
Manheim, PA 17545  
(717) 665-4508**

#### **REQUIRED UPDATES:**

Where noted, information in this form must be updated in writing as changes occur.

## Act 44 Disclosure Form

### DEFINITIONS FOR DISCLOSURE

TERM:	DEFINITION:
<b>AFFILIATED ENTITY</b>	<p>Any of the following:</p> <ol style="list-style-type: none"> <li>1. A subsidiary or holding company of a lobbying firm or other business entity owned in whole or in part by a lobbying firm.</li> <li>2. An organization recognized by the Internal Revenue Service as a tax-exempt organization under section 501(c) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 501 (c) ) established by a lobbyist or lobbying firm or an affiliated entity.</li> </ol>
<b>CONTRACTOR</b>	<p>Any person, company, or other entity that receives payments, fees, or any other form of compensation from a municipal pension fund in exchange for rendering professional services for the benefit of the municipal pension fund. The term "Contractor" also applies to any person, company, or other entity that is submitting a proposal to perform professional services for payment.</p>
<b>CONTRIBUTIONS</b>	<p>As defined in section 1621 of the act of June 3<sup>rd</sup>, 1937 (P.L. 1333, No. 320), known as the Pennsylvania Election Code</p>
<b>EXECUTIVE LEVEL EMPLOYEE</b>	<p><b>Any employee or person or the person's affiliated entity who:</b></p> <ol style="list-style-type: none"> <li>1. Can affect or influence the outcome of the person's or affiliated entity's actions, policies, or decisions relating to pensions and the conduct of business with a municipality or a municipal pension system; or</li> <li>2. Is directly involved in the implementation or development policies relating to pensions, investments, contracts or procurement or the conduct of business with a municipality or municipal pension system.</li> </ol>
<b>MUNICIPAL PENSION SYSTEM</b>	<p>Any qualifying pension plan, under Pennsylvania state law, for any municipality within the Commonwealth of Pennsylvania; includes the Pennsylvania Municipal Retirement System. <i>Examples: the Penn Township Non-uniformed Employee Pension Plan</i></p>
<b>MUNICIPAL PENSION SYSTEM OFFICIALS AND EMPLOYEES; MUNICIPAL OFFICIALS AND EMPLOYEES</b>	<p><b>Specifically</b>, those listed in TABLE 2 titled: "List of Pension System and Municipal Officials and Employees" on the next page. Where applicable, includes any employee of the Requesting Municipality.</p>
<b>POLITICAL COMMITTEE</b>	<p>As defined in section 1621 of the act of June 3<sup>rd</sup>, 1937 (P.L. 1333, No. 320), known as the Pennsylvania Election Code</p>

## Act 44 Disclosure Form

<b>PROFESSIONAL SERVICES CONTRACT</b>	A contract to which the municipal pension system is a party that is: (1) for the purchase of professional services including investment services, legal services, real estate services, and other consulting services; and, (2) not subject to a requirement that the lowest bid be accepted.
<b>SUBCONTRACTOR OR ADVISOR</b>	Anyone who is paid a fee or receives compensation from a municipal pension system – directly or indirectly from or through a Contractor.

### List of Municipal Officials for the Requesting Municipality

Certain requests for information in this form will refer to a “**List of Municipal Officials.**”

To assist you in preparing your answers, you should consider the following names to be a complete list of pension system and municipal officials and employees. Throughout this Disclosure Form, the below names will be referred to as the “**List of Municipal Officials.**”

#### Elected Officials:

Benjamin Bruckhart, Board of Supervisors  
Jill Groff, Board of Supervisors  
Ronald Krause, Board of Supervisors  
Dick Shellenberger, Board of Supervisors  
Richard Landis, Board of Supervisors

#### Appointed Officials:

Mark Hiester, Township Manager, Member of Pension Advisory Committee  
Dick Shellenberger, Board of Supervisors, Member of Pension Advisory Committee  
Daryl J. Lefever, Member of Pension Advisory Committee  
Josele Cleary, Esq., Township Solicitor  
Joseph Rudolf, Esq., Labor Counsel

### IDENTIFICATION OF CONTRACTORS & RELATED PERSONNEL

**CONTRACTORS:** (See “**Definitions**” – page 2) Any entity who currently provides service(s) or is submitting a proposal to provide services by means of a Professional Services Contract to the Municipal Pension System(s) of the **Requesting Municipality**, please complete all of the following:

## IDENTIFICATION OF CONTRACTORS & RELATED PERSONNEL

**CONTRACTORS:** (See "Definitions" – page 2) Any entity who currently provides service(s) by means of a Professional Services Contract to the Municipal Pension System of the Requesting Municipality, please complete all of the following:

Identify the Municipal Pension plan(s) for which you are providing information:

### Penn Township Non-Uniformed Employee Pension Plan

1. Please provide the names and titles of all individuals providing professional services to the Requesting Municipality's pension plan(s) identified above. Also include the names and titles of any advisors and subcontractors of the Contractor, identifying them as such. After each name provide a description of the responsibilities of that person with regard to the professional services being provided to each designated pension plan.

**The following individuals are all employees of Conrad Siegel Actuaries and provide actuarial or support services to our public sector clients. We do not hire any third-party advisors or subcontractors.**

Andy J. Zheng

Ashley A. Wise

Brian N. Graff

Brian G. Stine

Bryttani J. Craigle

Casey B. Krady

Cassie T. Khoshnevisan

Charles A. Eberlin

Daniel S. Hollinger

David H. Killick

Emily N. McHenry

Ethan G. Hartranft

Frederick J. Gard

Gregory G. College

Jason D. Herr

Jay-David Bazzo

Jeffrey D. Boyer

Jeffrey S. Myers

John D. Vargo

Michael R. Hoyle

Sean M. Gallen

Thomas C. Brandt

Thomas L. Zimmerman

William Galiano

2. Please list the name and title of any *Affiliated Entity* and their *Executive-level Employee(s)* that require disclosure; after each name, include a brief description of their duties. (See: Definitions)

**N/A - Conrad Siegel Actuaries is not an Affiliated Entity.**

3. Are any of the individuals named in Item 1 or Item 2 above, a current or former official or employee of the Requesting Municipality? IF "YES", provide the name of the person employed, their position with the municipality, and dates of employment.

**No.**

4. Are any of the individuals named in Item 1 or Item 2 above, a current or former registered Federal or State lobbyist? IF "YES", provide the name of the individual, specify whether they are a state or federal lobbyist, and the date of their most recent registration / renewal.

**No.**

**NOTICE:** All information provided for items 1- 4 above must be updated as changes occur.

5. Since December 17<sup>th</sup> 2009, has the *Contractor* or an *Affiliated Entity* paid compensation to or employed any third party intermediary, agent, or lobbyist that is to directly or indirectly communicate with an official or employee of the *Municipal Pension System* of the Requesting Municipality (OR), any municipal official or employee of the Requesting Municipality in connection with any transaction or investment involving the *Contractor* and the *Municipal Pension System* of the Requesting Municipality?

This question does not apply to an officer or employee of the *Contractor* who is acting within the scope of the firm's standard professional duties on behalf of the firm, including the actual provision of legal, accounting, engineering, real estate, or other professional advice, services, or assistance pursuant to the professional services contract with municipality's pension system. IF "YES", identify: (1) whom (the third party intermediary, agent, or lobbyist) was paid the compensation or employed by the *Contractor* or *Affiliated Entity*, (2) their specific duties to directly or indirectly communicate with an official or employee of the *Municipal Pension System* of the Requesting Municipality (OR), any municipal official or employee of the Requesting Municipality, (3) the official they communicated with, and (4) the dates of this service.

**No. Conrad Siegel Actuaries does not pay or employ any third party individuals.**

6. Within the past two years, has the *Contractor*, or any agent, officer, director, or employee of the *Contractor* solicited a contribution to any municipal official or candidate for municipal office in the Requesting Municipality, or to the political party, or political action committee of that official or candidate?

IF "YES", identify the agent, officer, director or employee who made the solicitation and the municipal officials, candidates, political party or political committee who were solicited (to whom the solicitation was made).

**No.**

7. Within the past two years, has the *Contractor* or an *Affiliated Entity* made any contributions to a municipal official or any candidate for municipal office in the Requesting Municipality?

IF "YES", provide the name and address of the person(s) making the contribution, the contributor's relationship to the *Contractor*, the name and office or position of the person receiving the contribution, the date of the contribution, and the amount of the contribution.

**No.**

8. Does the *Contractor* or an *Affiliated Entity* have any direct financial, commercial or business relationship with any official of the Requesting Municipality?

IF "YES", identify the individual with whom the relationship exists and give a detailed description of that relationship. A written letter is required from the Requesting Municipality acknowledging the relationship and consenting to its existence. The letter must be attached to this disclosure. Contact the Requesting Municipality to obtain this letter and attach it to this disclosure before submission.

**No.**

9. Has the *Contractor* or an *Affiliated Entity* given any gifts having more than a nominal value to any official, employee, or fiduciary of the Requesting Municipality?

IF "YES", provide the name of the person conferring the gift, the person receiving the gift, the office or position of the person receiving the gift, specify what the gift was, and the date conferred.

**No.**

10. Disclosure of contributions to any political entity in the Commonwealth of Pennsylvania Applicability: A "yes" response is required and full disclosure is required ONLY WHEN ALL of the following applies:
- a) The contribution was made within the last 5 years
  - b) The contribution was made by an officer, director, executive-level employee or owner of at least 5% of the *Contractor* or *Affiliated Entity*.
  - c) The amount of the contribution was at least \$500 and in the form of:
    1. A single contribution by a person in (b) above, OR
    2. The aggregate of all contributions all persons in (b) above;
  - d) The contribution was for:
    1. Any candidate for any public office or any person who holds an office in the Commonwealth of Pennsylvania;
    2. The political committee of a candidate for public office or any person that holds an office in the Commonwealth of Pennsylvania.

IF "YES", provide the name and address of the person(s) making the contribution, the contributor's relationship to the *Contractor*, the name and office or position of the person receiving the contribution (or the political entity / party receiving the contribution), the date of the contribution, and the amount of the contribution.

**None.**

11. With respect to your provision of professional services to the Municipal Pension System of the Requesting Municipality:

Are you aware of any apparent, potential, or actual conflicts of interest with respect to any officer, director, or employee of the *Contractor* and officials or employees of the Requesting Municipality?

NOTE: If, in the future, you become aware of any apparent, potential, or actual conflict of interest, you are expected to update this Disclosure Form immediately in writing by:

- Providing a brief synopsis of the conflict of interest (and);
- An explanation of the steps taken to address this apparent, potential, or actual conflict of interest.

IF "YES", Provide a detailed explanation of the circumstances which provide you with a basis to conclude that an apparent, potential, or actual conflict of interest may exist.

**No, Conrad Siegel Actuaries is not aware of any conflict or potential conflict.**

12. To the extent that you believe that Chapter 7-A of Act 44 of 2009 requires you to disclose any additional information beyond what has been requested above, please provide that information below or on a separate piece of paper.

**None.**

# Act 44 Disclosure Form

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Please provide the name(s) and position(s) of the person(s) participating in the completion of this Disclosure. **One of the individuals** identified by the Contractor in *Item #1* above must participate in completing this Disclosure and must sign the below verification attesting to the participation of those individuals named below.

Name: *John D. Vago, F.S.A.*

Name:

Position: *Consulting Actuary*

Position:

Name:

Name:

Position:

Position:

Name:

Name:

Position:

Position:

  
SIGNATURE

*V.P.*  
TITLE

*9-23-2016*  
DATE

