

Proposal of Actuarial and Consulting Services
for the
**Butler Area Sewer Authority
Pension Plan**

by **Mockenhaupt Benefits Group**

Proposal Date: January 16, 2012

Name of Firm:	Mockenhaupt Benefits Group
Address:	One Gateway Center, Suite 1475 420 Fort Duquesne Boulevard Pittsburgh, PA 15222
Phone Number:	(412) 394-9660 or (800) 405-3620
Fax Number:	(412) 394-6339
Web-site:	www.mockenhauptbenefits.com
Primary Contact:	Colleen Deer, Vice President
Direct Dial:	(412) 394-9333
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January 16, 2012

PERSONAL AND CONFIDENTIAL

Ms. Ronata Lavorini
Finance Director
Butler Area Sewer Authority
100 Litman Road
Butler, PA 16001-3256

RE: Actuarial Services for the Butler Area Sewer Authority OPEB Plan

Dear Ms. Lavorini:

We appreciate the opportunity to present this proposal of actuarial services to you and the Butler Area Sewer Board. For over 50 years, Mockenhaupt Benefits Group has been dedicated exclusively to the business of public employee benefits.

We are confident that our experience with hundreds of governmental pension plans provides us with the expertise the Board is looking for in an actuarial firm. We welcome any questions you or the Board may have.

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

Sincerely,

A handwritten signature in blue ink that reads "Colleen A. Deer". The signature is fluid and cursive.

Colleen A. Deer
Vice President

QUALIFICATIONS OF MOCKENHAUPT BENEFITS GROUP

- Name of Firm: Mockenhaupt Benefits Group
Address: One Gateway Center, Suite 1475
420 Fort Duquesne Boulevard
Pittsburgh, PA 15222
- Mockenhaupt Benefits Group has been in business for over 65 years and has been providing services to governmental employers for over 50 years. Our firm, located in Pittsburgh, Pennsylvania, provides actuarial, consulting and administrative services to public employers, including authorities, school districts, counties, cities, boroughs, townships, regional entities, and councils of government.
- The individuals responsible for the firm's operations include William Asay, President; Colleen Deer, Vice President; and Paul Mockenhaupt, owner. We have 17 employees.
- Our primary service is preparation of actuarial valuations for clients' defined benefit pension plans and OPEB plans and consulting on those plans. In addition, we provide plan documents, amendments and summary plan description booklets, and customer service and certain administrative services for a pooled insurance trust, Municipal Employers Insurance Trust (MEIT).
- We provide actuarial and consulting services to more than 300 public employers.

RFP REQUIREMENTS

QUALIFICATIONS AND EXPERIENCE:

See Above

MANAGING RISK:

N/A, no actuarial assumptions are expected to be involved for the projects being proposed.

ACT 205 KNOWLEDGE:

Mockenhaupt Benefits Group has prepared hundreds of Act 205 reporting forms for defined contribution (DC) plans of government employers in Pennsylvania. We currently provide services for about 40 DC plans.

COMPENSATION:

The fee for completing the biennial Act 205 reporting forms for the Authority's qualified (401(a)) pension plan will be a flat biennial amount, that would be billed upon completion. Any other consulting or administrative fees would likely be charged on an hourly rate basis and billed upon completion.

MEETINGS WITH BASA:

Your MBG consultant would be available to meet with the Authority staff, Board or Pension Committee upon request.

REFERENCES:

See Below.

ACT 44 DISCLOSURE FORM:

Attached.

REFERENCES

- The following includes a brief list of significant engagements similar to the proposed project for Butler Area Sewer Authority, including a description and references. Additional references are available upon request.

Client	Services	Contact Name	Address	Phone #
Town of McCandless	DC and DB Pension and OPEB	Toby Cordek, Town Manager	9955 Grubbs Road Wexford, PA 15090	(412) 364-0616
Borough of Edinboro	DC and DB Pension	Taras Jemetz, Borough Manager	124 Meadville Street Edinboro, PA 16412	(814) 734-1812
Moon Township	DC and DB Pension	Jeanne Creese, Township Manager	1000 Beaver Grade Road Coraopolis, PA 15108	(724) 258-9598
O'Hara Township	DC and DB Pension	Julie Jakubec, Township Manager	325 Fox Chapel Road	(412) 782-1400
North Fayette Township	DC and DB Pension and OPEB	Bob Grimm, Township Manager	400 North Branch Road Oakdale, PA 15701	(724) 693-3103

FEE STRUCTURE

Through follow-up correspondence with the Authority subsequent to receipt of the RFP, it is our understanding that the Authority is primarily seeking a consulting firm to provide services for its 401(a) defined contribution plan, and to a lesser extent, its 457 (deferred compensation) plan, as follows:

- Completion of the Act 205 filing in accordance with the state's deadline for the 401(a) plan
- Routine correspondence and phone calls regarding the plans, including assistance with interpretation of and compliance with the plan document
- Recommend plan amendments that may be required to maintain compliance with federal or state laws/regulations

Fees

2011 Act 205 Form - \$500

Any consulting services requested other than the Act 205 form would generally be charged at our standard hourly rates based on the staff member(s) performing the services, which as of 2012 are:

Consultant:	\$180
Actuarial Analyst:	\$125
Administrative Assistant:	\$ 75

In the event that a service requested necessitates that involvement of an attorney, Mockenhaupt Benefits Group may engage the services of Eckert Seamans'. We can provide a fee quote for any requested legal services upon request.

APPENDIX

Act 44 of 2009 Disclosure Forms

ACT 44 DISCLOSURE FORM FOR ENTITIES PROVIDING PROFESSIONAL SERVICES TO THE BUTLER AREA SEWER AUTHORITY'S PENSION SYSTEM

CHAPTER 7-A OF ACT 44 OF 2009 MANDATES the annual disclosure of certain information by every entity (hereinafter “**Contractor**”) which is a party to a professional services contract with the pension fund of the Butler Area Sewer Authority (hereinafter the “**Authority**”). Act 44 disclosure requirements apply to contractors who provide professional pension services and receive payment of any kind from the **Authority’s** pension fund. The **Authority** 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 **Authority** with the other requested information in the Request for Proposals dated January 9, 2012. If, for any reason you believe that Act 44 does not require you to complete this disclosure form, please provide a written explanation of your reason(s).

RETURN COMPLETED

DISCLOSURE TO:

Butler Area Sewer Authority
Attn: Thomas D. Rockovich, Executive Director
100 Litman Road
Butler PA 16001
724-282-1978
trockovich@basapa.org

DEFINITIONS FOR DISCLOSURE

TERM:	DEFINITION:
CONTRACTOR	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.
SUBCONTRACTOR OR ADVISOR	Anyone who is paid a fee or receives compensation from a municipal pension system – directly or indirectly from or through a contractor.
AFFILIATED ENTITY	Any of the following: <ol style="list-style-type: none"> 1. A subsidiary or holding company of a lobbying firm or other business entity owned in whole or in part by a lobbying firm. 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.
CONTRIBUTIONS	As defined in section 1621 of the act of June 3 rd , 1937 (P.L. 1333, No. 320), known as the Pennsylvania Election Code
POLITICAL COMMITTEE	As defined in section 1621 of the act of June 3 rd , 1937 (P.L. 1333, No. 320), known as the Pennsylvania Election Code
EXECUTIVE LEVEL EMPLOYEE	Any employee or person or the person's affiliated entity who: <ol style="list-style-type: none"> 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 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.
MUNICIPAL PENSION SYSTEM	Any qualifying pension plan, under Pennsylvania state law, for any municipality within the Commonwealth of Pennsylvania; includes the Pennsylvania Municipal Retirement System. <i>Example: the Police Pension Plan for the Borough of Winchesterville</i>
MUNICIPAL PENSION SYSTEM OFFICIALS AND EMPLOYEES; MUNICIPAL OFFICIALS AND EMPLOYEES	Specifically , those listed in TABLE 2 titled: <i>"List of Pension System and Municipal Officials and Employees"</i> on the next page. Where applicable, includes any employee of the Requesting Municipality .
PROFESSIONAL SERVICES CONTRACT	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.

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 names listed below will be referred to as the “*List of Municipal Officials.*”

BASA Board of Directors

Gerald S. Patterson, Jr., Chairman

Van Peterson, Vice Chairman

Michael English, Secretary

Joseph F. Lucas, Treasurer

George E. Shockey, Assistant Secretary/Treasurer

BASA Staff

Thomas D. Rockovich, Executive Director

M. John Schon, Operations Director

Ronata Lavorini, Finance Director

BASA Legal

Michael D. Hnath, Solicitor (Dillon McCandless King Coulter & Graham, LLP)

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 Authority, please complete all of the following:

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

Indicate all that apply with an “X”:

Non- Uniform Plan

Police Plan

Fire Plan

****NOTE:** For all that follow, you may answer the questions / items on a separate sheet of paper and attach it to this Disclosure if the space provided is not sufficient. Please reference each question / item you are responding to by the appropriate number. (Example: REF – Item #1.)

1. Please provide the names and titles of all individuals providing professional services to the Authority’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.

William C. Asay, CEBS – President & CEO

Colleen A. Deer – Vice President - Consultant

Gabrielle Slaughaupt – Actuarial Analyst

G. Herbert Loomis, F.S.A., E.A., M.A.A.A. – Consulting Actuary

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)

None

3. Are any of the individuals named in **Item 1** or **Item 2** above, a current or former official or employee of the Authority? NO

➔ IF “YES”, provide the name and of the person employed, their position with the authority, and dates of employment.

4. Are any of the individuals named in **Item 1** or **Item 2** above a current or former registered Federal or State lobbyist? NO

➔ 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.

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

5. Since December 17th 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 **Authority**, 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**? **NO**

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 contact 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.

6. Since December 17th 2009, has the **Contractor**, or any agent, officer, director or employee of the **Contractor** solicited a contribution to any municipal officer or candidate for municipal office in the **Authority**, or to the political party or political action committee of that official or candidate? **NO**

- ➡ **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).

7. Since December 17th, 2009: Has the **Contractor** or an **Affiliated Entity** made any contributions to a municipal official or any candidate for municipal office in the **Authority**? **NO**

- ➡ **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.

8. Does the *Contractor* or an *Affiliated Entity* have any direct financial, commercial or business relationship with any official identified on the *List of Municipal Officials* of the **Authority**? NO

➡ IF “YES”, identify the individual with whom the relationship exists and give a detailed description of that relationship.

****NOTE:** 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.

9. Has the *Contractor* or an *Affiliated Entity* given any gifts having more than a nominal value to any official, employee or fiduciary – specifically, those on the *List of Municipal Officials* of the **Authority**? NO

➡ 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.

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: NONE

- a) The contribution was made within the last 5 years (specifically since: December 18th 2004)
- 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.

11. With respect to your provision of professional services to the Municipal Pension System of the **Authority**, 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 **Authority**? **NO**

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.

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 on a separate piece of paper

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: Colleen A. Deer, Vice President

Position: Consultant



SIGNATURE

VICE PRESIDENT

TITLE

JANUARY 16, 2012

DATE

VERIFICATION

I, Colleen A. Deer, hereby state that I am Vice President for
(Name) (Position)
Mockenhaupt Benefits Group and I am authorized to make this verification.
(Contractor)

I hereby verify that the facts set forth in the foregoing Act 44 Disclosure Form for Entities Providing Professional Services to the Butler Area Sewer Authority Pension System are true and correct to the best of my knowledge, information and belief. I also understand that knowingly making material misstatements or omissions in this form could subject the responding Contractor to the penalties in Section 705-A(e) of Act 44.

I understand that false statements herein are made subject to the penalties of 18 P.A.C.S. § 4904 relating to unsworn falsification to authorities.



Signature

January 16, 2012
Date