

**AGREEMENT FOR PROFESSIONAL ACTUARIAL  
SERVICES BY AND BETWEEN  
THE PHILADELPHIA PARKING AUTHORITY  
AND  
AQUARIUS CAPITAL SOLUTIONS GROUP, LLC.**

PPA Contract No. K-14-0018

**THIS AGREEMENT** effective as of the 17<sup>th</sup> day of June, 2014 by and between **The Philadelphia Parking Authority**, an agency of the Commonwealth of Pennsylvania and a body corporate and politic, with its principal address at 701 Market Street, Suite 5400, Philadelphia, PA 19106 (the "Authority") and **Aquarius Capital Solutions Group, LLC**, a duly registered New York limited liability company, with its principal place of business at 110 Betsy Brown Road, Port Chester, NY 10573 ("Company").

**WITNESSETH:**

**WHEREAS**, the Authority is a public body corporate and politic organized and existing under the Act of 2001, June 19, P.L. 287, No. 22, as amended;

**WHEREAS**, the Authority, in the public interest, desires to obtain high quality actuarial services to evaluate present and potential liabilities and obligations for post-employment healthcare, subject to the terms and conditions set forth herein;

**WHEREAS**, the Authority initiated a request for proposal process under Request for Proposal No. PPA.ACTUARYGASB2012 (hereinafter the "RFP") for actuarial services in order foster competition and obtain best value;

**WHEREAS**, Company submitted a conforming Proposal to the RFP (the "Proposal") on December 9, 2012, and is in the business of providing high quality actuarial services of the type desired by the Authority;

**WHEREAS**, Upon review of the responses to the RFP, the Authority's Board voted at a public meeting to award this contract to Company.

**WHEREAS**, Company hereby agrees to furnish the Authority with professional actuarial services as hereinafter described.

**NOW, THEREFORE**, in consideration of the covenants and conditions contained herein, intending to be legally bound, the parties hereto hereby agree as follows:

**1. SCOPE OF SERVICES.**

The Authority hereby engages and Company hereby agrees to perform the following GASB45 actuarial services ("Services") in consideration of the fee paid pursuant to Section 3 of this Agreement:

A. The Company shall provide an annual report to the Authority in accordance with the specifications set forth in the RFP.

B. Comply fully with all requirements and terms of the RFP, a true and correct copy of which is attached hereto and incorporated herein throughout as Exhibit "A" and Company's Proposal responding to the RFP, a true and correct copy of which is attached hereto and incorporated throughout as Exhibit "B"; provided however, that to the extent that any provisions of either Exhibits "A" or "B" are inconsistent or conflict with the provisions of this Agreement, then the terms contained in this Agreement shall control and govern the agreement of the parties.

C. To perform high quality actuarial services in the most cost effective manner utilizing personnel at the level of competence required relative to the nature of the work, and to follow all applicable federal, state, or local laws; and

D. It is understood that the Authority shall have the absolute discretion to accept, reject or modify any proposal or offer which Company may bring to the Authority's attention during the term of this Agreement.

E. To provide all services to the Authority as directed by its Executive Director or his designee.

2. **TERM.**

This Agreement shall be for a term of five years.

3. **CONSIDERATION AND PAYMENT.**

Company agrees to accept as its sole fee for Services provided pursuant to this Agreement an annual service fee for full valuation of Five Thousand and no/100 Dollars (\$5,000.00) and an annual service fee for roll forward calculation of One Thousand Five Hundred (\$1,500.00). At no time during the Term will the annual service fee exceed \$5,000.00.

4. **NO SOLICITATION/CONFLICTS OF INTEREST.**

A. Company does hereby warrant and represent that the laws of the Commonwealth of Pennsylvania have not been violated as they relate to the procurement or performance of this Agreement by any conduct, including payment or giving of any fee, commission, compensation, gift, gratuity or consideration of any kind, directly or indirectly to any Authority employee, officer or Company, including the Public Official and Employees Ethics Act, 65 Pa.C.S. §1101 *et seq.*

B. To the best of Company's knowledge, no Authority member or officer, and no employee of the Authority has any interest (whether contractual, non-contractual, financial or otherwise) in this transaction or in the business of Company. If such transaction comes to the knowledge of the Company at any time, a full and complete disclosure of such information shall be made to the Authority.

C. Company hereby acknowledges receipt and acceptance of the Authority's Conflict of Interest Policy.

**5. INSURANCE & OTHER REQUIREMENTS.**

A. Company shall provide and maintain, at its own cost, Professional Liability Insurance Coverage for errors and omissions and negligent acts in a combined amount of not less than One Million and no/100 (\$1,000,000) Dollars per claim and aggregate. Such insurance shall extend to Company and to its legal representatives in the event of death, dissolution or bankruptcy, and shall cover the errors, omissions or negligent acts of Company's agents and employees. Such insurance shall extend to any covered act, error or omission in the performance of services under this Agreement committed by Company or alleged to have been committed by Company or any person for whom Company is responsible. Company shall also carry insurance in compliance with the applicable laws of the Commonwealth of Pennsylvania or such other workers' compensation requirements as may pertain.

B. Company shall also carry and maintain a Comprehensive General Liability Insurance Policy for bodily injury and property damage in the combined single limit of Two Million and no/100 (\$2,000,000) Dollars, and Automobile Liability Insurance coverage for bodily injury and property damage in the combined single limit of One Million and no/100 (\$1,000,000) Dollars. The Commercial General Liability Insurance is to include Contractual Liability Insurance covering the Company's indemnification as set forth below. Company shall also maintain Valuable Papers and Records Coverage in the event of loss or destruction of the Authority's Valuable Papers and Records which are in the custody of the Company.

**6. INABILITY OF COMPANY TO PERFORM.**

The inability of Company to perform or provide the Services under this Agreement, for any reason, shall automatically terminate this Agreement, whereupon all liabilities or obligations for payment hereunder shall terminate as of the date of such termination.

**7. TERMINATION FOR CONVENIENCE OF AUTHORITY.**

The Authority and Company agree that this Agreement may be terminated by the Authority with or without cause upon thirty days notice in writing by the Authority to Company. If the Agreement is terminated by the Authority, as provided herein, Company will be entitled to any compensation for the Services satisfactorily performed pursuant to Section 3 herein for the period prior to the date of termination, and Company shall refund any part of the annual service fee that would have been earned after the date of termination. In such event, all memoranda, records, data, information and other documents prepared by Company shall become the property of the Authority and shall be forthwith delivered to the Authority. The payments to be made to the Company hereunder are the Company's sole remedy and right with respect to termination under this paragraph.

**8. GENERAL TERMS AND CONDITIONS.**

A. Confidential Matters.

Company agrees that it will treat as confidential any information or document from the files of the Authority which may come into their possession in pursuit of its duties under this Agreement.

B. Maintenance of Records.

Company understands that certain records related to this Agreement may be public records pursuant to Pennsylvania's Right-to-Know Law and Company must duly comply with demands made through the Authority for such records. 65 P.S. §67.101.*et seq.* Regardless of the impact of the Right-to-Know Law, Company shall maintain all data, records, memoranda, statements of services rendered, correspondence and copies thereof, in adequate form, detail and arrangement, for the Authority's benefit for a minimum of seven (7) years following the termination or expiration of this Agreement. Thereafter, Company shall contact the Authority before disposing any such materials and the Authority may direct that some or all of such materials be delivered to the Authority.

C. Assignment.

This Agreement may not be transferred or assigned by Company without the prior written consent of the Authority which consent may be withheld in the sole discretion of the Authority. Any assignment made without the consent of the Authority shall be void.

D. Non-Discrimination.

Company agrees to abide by all legal provisions regarding non-discrimination in hiring and contracting made applicable by federal, state and local laws.

E. Notices.

Any notice or demand given by one party to the other under this Agreement shall be in writing and served by nationally recognized overnight courier service or sent by United States certified or registered mail return receipt requested, postage prepaid, or by overnight express delivery service or by courier service, against written receipt or signed proof of delivery addressed to the other party at the address set forth below, unless a party shall have provided written notice to the other identifying a new address for notice:

**The Authority:**

The Philadelphia Parking Authority  
701 Market Street  
Suite 5400  
Philadelphia, PA 19106  
Attn: Dennis G. Weldon, Jr.  
General Counsel

**The Company:**

Aquarius Capital Solutions  
Group, LLC  
110 Betsy Brown Road  
Port Chester, NY 10573  
Attn: Michael L. Frank  
President

All notices shall be deemed given on the day after the notice was given to the courier or postal service.

F. Captions.

The captions in this Agreement are for convenience only and are not a part of this Agreement and do not in any way define, limit, describe or amplify the terms and provisions of this Agreement or the scope or intent thereof.

#### G. General Indemnity.

Company, for itself, its successors, assigns, agents, and sub-contractors hereby agrees to indemnify, hold harmless and defend The Philadelphia Parking Authority, The City of Philadelphia and The Commonwealth of Pennsylvania and their agents, employees, representatives, officers and directors (the "Indemnified Parties") from and against any and all liability for loss (including those related to business interruption), damage (including special, consequential and incidental) liabilities, claims, demands, causes of action or expense (including attorney's fees and expenses) for which the Indemnified Parties may be held liable by reason of injury (including death or workers compensation) to any person (including Company's employees) or damage to any property of whatsoever kind or nature arising out of or in any manner connected with the Services for the Indemnified Parties (including, but not limited to, work performed under this contract, work performed under Change Order, or any such other work performed for or on behalf of the Indemnified Parties), whether or not due in whole or in part to any act, omission, or negligence of the Indemnified Parties or any of their agents, employees, representatives, officers, directors, stockholders, subcontractors, third parties or parent, subsidiary and affiliated companies, whether known or unknown to the Indemnified Parties or Company. It is expressly understood and agreed that the indemnity contained in this paragraph covers claims by Company's employees. It is further expressly agreed that Company assumes the fullest extent of all obligations to indemnify and defend all parties whom the Indemnified Parties are obligated to indemnify and defend in the Indemnified Parties contract with others (whether or not such obligations may extend to items beyond those addressed in this Agreement). This obligation to indemnify, defend and hold harmless shall survive termination of this Agreement.

#### H. Entire Agreement.

This Agreement contains the entire agreement of the parties with respect to the matter covered by this Agreement. No other agreement, statement, representation, understanding or promise made by any party or by any employee, officer or agent of any party, that is not contained in this Agreement, shall be binding or valid. Any revisions, additions, and/or modifications of this Agreement must be set forth in writing and signed by all parties.

#### I. Specific Proposals.

It is understood that the Authority shall have the absolute discretion to accept, reject or modify any proposal or offer which Company may bring to the Authority's attention during the term of this Agreement.

#### J. Applicable Law and Venue.

All disputes arising in connection with this Agreement shall be interpreted and governed by the laws of the Commonwealth of Pennsylvania. The parties hereto irrevocably consent to the exclusive jurisdiction of the First Judicial District of Pennsylvania, being the Philadelphia Court of Common Pleas.

#### K. Taxes.

(1) Company hereby certifies that neither it, nor any of its parent or subsidiary entities, is delinquent or overdue in the payment of any tax or fee to the City or County of

Philadelphia or the Commonwealth of Pennsylvania. Company also certifies that its Federal Employment Identification Number is 32-0020166 and its Philadelphia Business Privilege Tax ID. No. is: \_\_\_\_\_, and has attached a true, current, and correct copy of its Philadelphia Business Privilege License hereto as Exhibit "C".

(2) As an agency of the Commonwealth of Pennsylvania, and a local government agency, the Authority is exempt from the payment of state and local sales and use and other taxes on material, equipment or other personal property. Company agrees that the fees, price or rates stated in the Agreement (1) do not include any state or local taxes, surcharges or fees on the Authority in connection with this transaction, and (2) do include all other applicable taxes for which Company is liable. In the event Company's performance under this Agreement creates a tax liability, such taxes, including but not limited to, real estate taxes, school taxes, Use & Occupancy taxes, and sales taxes shall be the sole obligation of Company and Company shall maintain current accounts as to the payment of such taxes and be liable over to the Authority for any taxes assessed against the Authority as a result of Company's performance under this Agreement.

L. Conflict of Interest.

No officer or employee of the Authority shall participate in any decision relating to this Agreement which affects his/her personal interest or the interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, as set forth in the Authority's Conflict of Interest Policy, in the Agreement or the proceeds therefrom.

M. Waiver.

The Authority's exercise, or lack thereof, of any provision or right contained in this Agreement shall not be considered a waiver of any of its rights set forth in this Agreement, such waiver shall only occur through written amendment to this Agreement.

**SIGNATURE**

**PAGE**

**TO**

**FOLLOW**

IN WITNESS WHEREOF, and intending to be legally bound pursuant to the Uniform Written Obligations Act, 33 P.S. § 6, the parties have set their hands and seals on the date first above written.

Attest: Abigail Nestel  
Print Name: Abigail Nestel  
Print Title: Secretarial Assistant

**The Philadelphia Parking Authority**

By: Vincent J. Fenerty, Jr.  
Executive Director

Approved as to Form:  
[Signature]  
Office of General Counsel

Attest: Donald J. Rusconi  
Print Name: Donald J. Rusconi  
Print Title: Vice President

**Aquarius Capital Solutions Group, LLC**

By: Michael Frank  
Name: Michael Frank  
Title: President

## **EXHIBIT "A"**



The Philadelphia Parking Authority  
3101 Market Street 2<sup>nd</sup> Floor  
Philadelphia, PA 19104

Request for Proposals - 2012  
Actuary – Self Insurance Liability Report  
Actuary GASB45 Report



Vincent J. Fenerty, Jr.  
Executive Director

Joseph T. Ashdale  
Board Chairman

**REQUEST FOR PROPOSALS – ACTUARY  
SELF INSURANCE LIABILITY REPORT  
PROPOSAL NO. PPA.ACTUARYSELFINSUR.2012**

The Philadelphia Parking Authority  
3101 Market Street -2<sup>nd</sup> Floor  
Philadelphia, PA 19104-2895

The Philadelphia Parking Authority (the “Authority”), a body corporate and politic created under the laws of the Commonwealth of Pennsylvania in accordance with the Act of June 19, 2001, PL. 287, No. 22 as amended known as the “Parking Authority Law is seeking responses to this Request for Proposals (“RFP”) in order to select a firm to serve as an actuary with respect to preparing an annual report for each of the next three (3) years indicating the values of the various present and potential liabilities of the Authority which are presently self-insured. All documents will be received at the offices of the Authority, located at 3101 Market Street, 2<sup>nd</sup> Floor, Philadelphia, PA 19104-2895, at 4:00 P.M. on Monday, December 17, 2012.

**REQUEST FOR PROPOSALS – ACTUARY  
GASB 45 REPORT  
PROPOSAL NO. PPA.ACTUARYGASB.2012**

The Philadelphia Parking Authority  
3101 Market Street -2<sup>nd</sup> Floor  
Philadelphia, PA 19104-2895

The Philadelphia Parking Authority (the “Authority”), a body corporate and politic created under the laws of the Commonwealth of Pennsylvania in accordance with the Act of June 19, 2001, PL. 287, No. 22 as amended known as the “Parking Authority Law is seeking responses to this Request for Proposals (“RFP”) in order to select a firm to serve as its actuary with respect to the issuance of an annual report for each of the next three (3) years indicating the values of its various obligations for post-employment healthcare benefits. All documents will be received at the offices of the Authority, located at 3101 Market Street 2<sup>nd</sup> Floor, Philadelphia, PA 19104-2895, at 4:00 P.M. on Monday, December 17, 2012. All firms interested in submitting an offer to the Authority for these projects must register with the Manager of Contract Administration, Serena Blanco at [sblanco@philapark.org](mailto:sblanco@philapark.org)

**Proposal documents for these solicitations are available for download at the Philadelphia Parking Authority’s website at [www.philapark.org](http://www.philapark.org).** All firms interested in submitting an offer to the Authority for these projects must register with the Manager of Contract Administration, Serena Blanco at [sblanco@philapark.org](mailto:sblanco@philapark.org).

Contact:  
Serena Blanco  
Manager Contract Administration  
The Philadelphia Parking Authority  
3101 Market Street – 2<sup>nd</sup> Floor  
Philadelphia, PA 19104-2895  
Phone: 215 683-9665  
Fax: 215 683-9711  
Email: [sblanco@philapark.org](mailto:sblanco@philapark.org)

**REQUEST FOR PROPOSALS  
PROFESSIONAL ACTUARIAL SERVICES  
PROPOSAL NO. PPA.ACTUARYSELFINSUR.2012**

**The Philadelphia Parking Authority  
3101 Market Street 2<sup>nd</sup> Floor  
Philadelphia, PA 19104-2895**

The Philadelphia Parking Authority (the "Authority") is seeking responses to this Request For Proposals ("RFP") in order to select one or more firms to serve as its actuary.

**Scope of Services: SELF-INSURANCE**

Services required consist of the drawing of a report, on an annual basis for each of the next three (3) years, indicating the values of the various present & potential liabilities of the Authority, which are presently self-insured, and the current values thereof, in order to accrue said liabilities in the Authority's books and records and report and disclose same in its financial statements, for the following obligations:

- Self-Insured Workmen's Compensation Claims
- Self-Insured Automobile Liability Claims
- Self-Insured General Liability Claims

According to the following timetable:

|                        |                           |
|------------------------|---------------------------|
| Data Cut-Off Date      | December 31 <sup>st</sup> |
| Data Availability Date | February 15 <sup>th</sup> |
| Report Delivery Date   | April 15 <sup>th</sup>    |

In addition to using this report for general management purposes, the Authority specifically intends to use these reports, and the values therein, to prepare its annual financial statements and financial statement disclosures as of and for the years ending 31<sup>st</sup> March 2013, 2014, 2015, 2016, & 2017. These financial statements will be audited by a public accounting firm.

Please see the Appendix to this document for data specific to the Authority.

**Response Requirements**

Responses should be printed on 8½" x 11" paper, single-sided.

The Philadelphia Parking Authority anticipates the following schedule for review of the responses:

| Activity                       | Date  |
|--------------------------------|---|
| Opportunity posted             | Thursday, 8 <sup>th</sup> November 2012         |
| Last opportunity for questions | Monday, 3 <sup>rd</sup> December 2012, 4:00 pm  |
| Response submission deadline   | Monday, 17 <sup>th</sup> December 2012, 4:00 pm |
| Estimated selection date       | Friday, 18 <sup>th</sup> January 2013           |

Seven (7) copies of the response are to be delivered by no later than 4:00 PM\* on Monday, 17<sup>th</sup> December 2012 to the address below:

The Philadelphia Parking Authority  
3101 Market Street - 2<sup>nd</sup> Floor  
Philadelphia, PA 19104-2895  
Attn: Serena Blanco, Manager Contract Administration

#### **Questions Regarding this RFP**

All vendors participating in this Request for Proposal process must register with the Authority by sending contact information (name, firm name, address, telephone number, fax number, e-mail) to the attention of Serena Blanco, Manager of Contract Administration at [sblanco@philapark.org](mailto:sblanco@philapark.org)

Questions regarding this RFP are to be submitted by email only to Serena Blanco ([sblanco@philapark.org](mailto:sblanco@philapark.org)) by no later than 4:00 PM\* on Monday, 3<sup>rd</sup> December 2012. All questions received before such time will be answered. The subject title of such emails should read, "RFP -- ACTUARY SELF-INSURANCE -- [insert firm name]." Questions emailed by respondents, and any additional information that the Authority provides in response to such questions, will be posted on the Authority's website, and will be forwarded via email directly to those respondents who had previously registered with the Authority.

**ATTENTION: No questions are to be directed to the Mayor's Office, the Philadelphia City Director of Finance, or any other City official or employee, or any other official or employee of the Philadelphia Parking Authority.**

#### **Selection Criteria and Process**

The Authority anticipates selecting one firm to serve as its actuary for the stated purposes based on the information provided in the response contents as explained below.

#### **Response Contents**

Responses are to follow the following format:

##### ***A. Cover Letter***

Please include a cover letter of no more than one page indicating the name, title, location, telephone number, fax number, and email address of the party responsible for negotiating on behalf of your firm. If the day-to-day contact person for your firm is different than the person negotiating on behalf of your firm, please include the day to day contact person's name, title, location, telephone number, fax number, and email address.

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\* prevailing local time

**B. *Qualifications of the Firm***

Provide a brief overview of the firm, and why your firm is well suited to provide actuary services.

Please include names, office addresses, and phone numbers of three governmental references.

Please submit evidence of the firm's membership in the American Academy of Enrolled Actuaries.

As **Appendix A**, provide a list of the firm's relevant experience since 1<sup>st</sup> September 2006 with performing actuarial studies of the nature described. On this list, highlight or otherwise indicate any reports prepared for the Authority, the City of Philadelphia, and any subdivision or public agency of the City of Philadelphia.

Note: Do not include additional appendices; the only information that is to be included in the appendices is described above and in the section below entitled, "Disclosure Forms."

**C. *Experience with the City and City-related agencies***

Discuss your firm's relevant experience over the past ten years with the Authority or the City of Philadelphia, or any subdivision or public agency of the City of Philadelphia.

**D. *Assigned Professionals***

Provide the name, work address, and relevant qualifications and experience for individual(s) whom your firm anticipates will be assigned to work on this report(s). Describe the roles and responsibilities for each individual, and identify the individual charged with the day-to-day responsibility for the engagement. All individuals so assigned shall be enrolled actuaries – please including copies of their enrollment cards or certificates.

**E. *Legal and Firm Issues***

Does your firm have an equal employment opportunity policy and program? If so, will your firm provide information to the Authority regarding its policy and program upon request?

Please disclose and explain any significant negative events in your firm's recent history including criminal charges, civil litigation, or administrative actions involving allegations of securities law violations by your firm or its employees during the past five years.

Are there any other lines of business conducted by your firm that could complement or conflict with your role as actuary? Please disclose any arrangements that might present an actual or apparent conflict of interest with the role of actuary.

**F. *Fee Structure***

Please provide and explain your fee structure, and state your fee proposal for this engagement, for each of the three years.

**G. *Additional Information***

Provide any additional information that you deem appropriate.

**H. *Disclosure Forms***

Each respondent will be required to complete a set of Campaign Contribution Disclosure Forms (following p. 4 of this RFP) and include them as **Appendix B** to its submission. Please note that the City of Philadelphia will not provide the Authority with disclosure information that was previously submitted by your firm to the City.

**Philadelphia Parking Authority Policies and Reservation of Rights**

Joint responses will not be accepted.

The Authority will not be responsible for any costs incurred by respondents in responding to this RFP.

Oral communications from the Authority personnel or other persons shall not be binding and shall in no way materially modify the provisions of the RFP.

The Authority encourages submissions by minority, women, and disabled owned firms ("MWDBP"). The Authority requires that any firm selected to participate as actuary for Authority financing agree not to discriminate nor permit discrimination against any person because of race, color, religion, national origin, or sexual orientation. In the event of such discrimination, the Authority reserves the right to terminate the firm's appointment to the issue.

## APPENDIX

The following information is being provided to assist in the preparation of responses to this RFP. As of 31<sup>st</sup> March 2013, the Authority had:

- 2013 employees
- approx. 250 vehicles
- \$43,852,771 payroll for the year then ended

Further, while the Authority purchases insurance coverage for these exposures, the Authority has deductibles under most of the policies. The current levels of deductibles, limits of insurance coverage per occurrence, and aggregate limit of insurance coverage are shown in the following table:

| Coverage   | Deductible   | Limit per Occurrence | Aggregate Coverage Limit |
|--|--------------|----------------------|--------------------------|
| Auto Liability   | \$ 100,000   | \$ 1,000,000         | \$ 2,000,000             |
| Employment Practices                                   | 150,000      | 10,000,000           | 10,000,000               |
| General Liability                                      | 100,000      | 1,000,000            | 2,000,000                |
| Workers' Compensation                                  | 300,000      | statutory benefits   |                          |
| Garage Liability                                       | 100,000      | 1,000,000            | 2,000,000                |
| Garagekeepers' Liability (comprehensive and collision) | 100,000      | 1,000,000            | (per location)           |
| Garagekeepers' Liability (1500-1508 Vine Street)       | 500 - 10,000 | 1,000,000            | (per location)           |
| Garage Liability (1500-1508 Vine St.)                  | -            | 100,000              | 2,000,000                |
| Crime  | 25,000       | 250,000              | -                        |
| Commercial Property (Blanket)                          | -            | 150,000,000          | -                        |
| Umbrella Liability                                     | -            | 10,000,000           | 10,000,000               |
| Excess Umbrella Liability                              | -            | 15,000,000           | 15,000,000               |

The Authority makes payments to its insurance carrier for amounts needed to pay current year claims. The Authority also maintains both a reserve for catastrophic losses and letters of credit issued to the Authority's insurance carrier as collateral for amounts needed to pay prior year claims. The amount of outstanding letters of credit at 31<sup>st</sup> March 2009 was \$11,017,000. The accrued claims liability of \$7,957,425 booked by the Authority as of that date was based on the requirements of Governmental Accounting Standards Board Statement #10. Balances in the Authority's Accrued Claims Liability account were:

|                          | Liability as of 31 <sup>st</sup> March 2011 | Current-Year Claims & Changes in Estimates | Claim Payments | Liability as of 31 <sup>st</sup> March 2012 |
|--------------------------|---|--|----------------|---|
| Workers' Compensation    | \$ 6,289,719                                | \$ 2,756,476                               | \$ 2,756,476   | \$ 6,289,719                                |
| Auto & General Liability | 2,386,590                                   | 553,011                                    | 553,011        | 2,386,590                                   |
| Total                    | \$ 8,676,309                                | \$ 3,309,487                               | \$ 3,309,487   | \$ 8,676,309                                |

**REQUEST FOR PROPOSALS  
PROFESSIONAL ACTUARIAL SERVICES  
PROPOSAL NO. PPA.ACTUARYGASB.2012**

**The Philadelphia Parking Authority  
3101 Market Street - 2<sup>nd</sup> Floor  
Philadelphia, PA 19104-2895**

The Philadelphia Parking Authority (the "Authority") is seeking responses to this Request For Proposals ("RFP") in order to select one or more firms to serve as its actuary.

**Scope of Services: GASB 45**

Services required consist of the drawing of a report, on an annual basis for each of the next three (3) years, indicating the values of the various obligations for post-employment healthcare benefits, both incurred and likely to be incurred, and the current values thereof, in order to accrue said liabilities in the Authority's books and records and report and disclose same in its financial statements in accordance with GASB Statement No. 45, according to the following timetable:

|                        |                           |
|------------------------|---------------------------|
| Data Cut-Off Date      | December 31 <sup>st</sup> |
| Data Availability Date | February 15 <sup>th</sup> |
| Report Delivery Date   | April 15 <sup>th</sup>    |

In addition to using this report for general management purposes, the Authority specifically intends to use these reports, and the values therein, to prepare its annual financial statements and financial statement disclosures as of and for the years ending 31<sup>st</sup> March 2013, 2014, 2015, 2016 and 2017. These financial statements will be audited by a public accounting firm.

Please see the appendix to this document for data specific to the Authority.

**Response Requirements**

Responses should be printed on 8½" x 11" paper, single-sided.

The Philadelphia Parking Authority anticipates the following schedule for review of the responses:

| Activity                       | Date                               |
|--------------------------------|------------------------------------|
| Opportunity posted             | Thursday, November 8, 2012         |
| Last opportunity for questions | Monday, December 3, 2012 4:00 pm   |
| Response submission deadline   | Monday, December 17, 2012, 4:00 pm |
| Estimated selection date       | Friday, January 18, 2013           |



Seven (7) copies of the response are to be delivered by no later than 4:00 PM\* on Monday, 17<sup>th</sup> December 2012 to the address below:

The Philadelphia Parking Authority  
3101 Market Street - 2<sup>nd</sup> Floor  
Philadelphia, PA 19104-2895  
Attn: Serena Blanco, Manager Contract Administration

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**ATTENTION: No questions are to be directed to the Mayor's Office, the Philadelphia City Director of Finance, or any other City official or employee, or any other official or employee of the Philadelphia Parking Authority.**

#### **Selection Criteria and Process**

The Authority anticipates selecting one firm to serve as its actuary for the stated purposes based on the information provided in the response contents as explained below.

#### **Response Contents**

Responses are to follow the following format:

##### ***A. Cover Letter***

Please include a cover letter of no more than one page indicating the name, title, location, telephone number, fax number, and email address of the party responsible for negotiating on behalf of your firm. If the day-to-day contact person for your firm is different than the person negotiating on behalf of your firm, please include the day to day contact person's name, title, location, telephone number, fax number, and email address.

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\* prevailing local time

**B. *Qualifications of the Firm***

Provide a brief overview of the firm, and why your firm is well suited to provide actuarial services.

Please include names, office addresses, and phone numbers of three governmental references.

Please submit evidence of the firm's membership in the American Academy of Enrolled Actuaries.

As **Appendix A**, provide a list of the firm's relevant experience since 1<sup>st</sup> September 2006 with performing actuarial studies of the nature described. On this list, highlight or otherwise indicate any reports prepared for the Authority, the City of Philadelphia, and any subdivision or public agency of the City of Philadelphia.

Note: Do not include additional appendices; the only information that is to be included in the appendices is described above and in the section below entitled, "Disclosure Forms."

**C. *Experience with the City and City-related agencies***

Discuss your firm's relevant experience over the past ten years with the Authority or the City of Philadelphia, or any subdivision or public agency of the City of Philadelphia.

**D. *Assigned Professionals***

Provide the name, work address, and relevant qualifications and experience for individual(s) whom your firm anticipates will be assigned to work on this report(s). Describe the roles and responsibilities for each individual, and identify the individual charged with the day-to-day responsibility for the engagement. All individuals so assigned shall be enrolled actuaries – please including copies of their enrollment cards or certificates.

**E. *Legal and Firm Issues***

Does your firm have an equal employment opportunity policy and program? If so, will your firm provide information to the Authority regarding its policy and program upon request?

Please disclose and explain any significant negative events in your firm's recent history including criminal charges, civil litigation, or administrative actions involving allegations of securities law violations by your firm or its employees during the past five years.

Are there any other lines of business conducted by your firm that could complement or conflict with your role as actuary? Please disclose any arrangements that might present an actual or apparent conflict of interest with the role of actuary.

**F. *Fee Structure***

Please provide and explain your fee structure, and state your fee proposal for this engagement, for each of the three years.

**G.     *Additional Information***

Provide any additional information that you deem appropriate.

**H.     *Disclosure Forms***

Each respondent will be required to complete a set of Campaign Contribution Disclosure Forms (following p. 4 of this RFP) and include them as **Appendix B** to its submission. Please note that the City of Philadelphia will not provide the Authority with disclosure information that was previously submitted by your firm to the City.

**Philadelphia Parking Authority Policies and Reservation of Rights**

Joint responses will not be accepted.

The Authority will not be responsible for any costs incurred by respondents in responding to this RFP.

Oral communications from the Authority personnel or other persons shall not be binding and shall in no way materially modify the provisions of the RFP.

The Authority encourages submissions by minority, women, and disabled owned firms ("MWDBP"). The Authority requires that any firm selected to participate as actuary for Authority financing agree not to discriminate nor permit discrimination against any person because of race, color, religion, national origin, or sexual orientation. In the event of such discrimination, the Authority reserves the right to terminate the firm's appointment to the issue.

## APPENDIX

The following information is being provided to assist in the preparation of responses to this RFP. As of 31<sup>st</sup> March 2012, the Authority had:

- 421 employees
- 43 participants in its post-employment benefits program.

*(additional information, text, in relevant part, from the Authority's annual financial statements):*

During Fiscal Year 2009, the Authority has adopted the Government Accounting Standards Board (GASB) pronouncement, Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions.

Plan Description. The Authority self-administers its single-employer, non-pension post-employment benefit program. After ten years of service with the Authority, eligible employees become entitled to five years of Authority-provided, post-employment health & welfare benefits. Eligible employees include those employees who are either (a.) regular, full-time, non-represented employees, or (b.) employees represented by certain employee labor groups. Further, at time of retirement, employees are permitted to purchase additional benefits with accumulated sick leave.

Funding Policy. Commencing with the FYE 2008, the Authority's financial statements reflect the accrual of these expenses in accordance with GASB Statement No. 45. For the year ending 31<sup>st</sup> March 2009, the amounts actually paid for these benefits were \$429,700. Amounts accrued according to GASB Statement No. 45 for fiscal year ending 31<sup>st</sup> March 2009 was \$1,515,300, which, when added to amounts paid for benefits received during said fiscal year (\$429,700), provided a total expense of \$1,945,000. It is the Authority's policy to annually designate investments to fund these obligations in the amount of the liability that it recognizes for the year, which in turn is computed according to the 30-year method. There are no required contributions on the part of the program participants (i.e., retirees).

Annual OPEB Cost & Net OPEB Obligation. The Authority's annual Other Post-Employment Benefits (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, and supported by actuarial determination in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities over a period not to exceed 30 years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually paid during the year, and changes to the Authority's net OPEB obligation.

Actuarial Methods & Assumptions. In calculating the valuation at 31<sup>st</sup> March 2013, the entry age actuarial cost method was used. The actuarial assumptions included a 4.25% discount rate (investment rate of return, net of administrative expenses). Initial cost trend assumptions for annual healthcare & prescription costs, annual dental costs, and annual vision costs are 10%, 5%, and 4%, respectively, and are subsequently reduced by decrements (where applicable) to ultimate rates of 5%, 5%, and 4% respectively, after four years. Further, these rates included a 4.5% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized on the "Level Dollar" basis, with an end-of-year interest component. The remaining amortization period at 31<sup>st</sup> March 2013 is twenty-seven years.

## **Disclosure Forms**

### **Directions:**

1. Please read the following information regarding the completion of these disclosure forms. Please review the definitions prior to completing any form.
2. Date and initial the top of each form after you have completed it and sign the form on the last page.
3. NOTE: There are two different types of campaign contribution disclosure forms: one for those who are applying as individuals and one for those applying as businesses. Only fill out one type of form. (If you have used a consultant with respect to applying for this non-competitively bid contract you will have to fill out a campaign contribution disclosure form for them as well.)

### **Getting Started**

There are five sets of disclosure forms enclosed in this packet. You must provide information for each disclosure form. The information you must disclose includes:

1. Any contributions (defined as a provision of money, in-kind assistance, discounts, forbearance or any other valuable thing) made during the two years prior to the application deadline for this non-competitively bid contract opportunity;
2. The name of any consultant(s) you used to help in obtaining the non-competitively bid contract and any campaign contributions they have made during the two years prior to the application deadline;
3. Any subcontractors you are planning to use if awarded this contract;
4. Whether a City of Philadelphia or Delaware River Waterfront Corporation employee or official asked you to give money, services, or any other thing of value to any individual or entity; and
5. Whether a City of Philadelphia or Delaware River Waterfront Corporation employee or official gave you any advice on how to satisfy any minority, women, disabled or disadvantaged business participation goals.

### **More information on Disclosing Campaign Contributions**

Applicants for contract opportunities must disclose any contributions they made to:

- A candidate for nomination or election in any public office in the Commonwealth of Pennsylvania
- An incumbent in any public office in the Commonwealth of Pennsylvania
- A political committee or state party in the Commonwealth of Pennsylvania
- A group, committee, or association organized in support of any candidate, office holder, political committee or state party in the Commonwealth of Pennsylvania

*Attribution Rules.* In addition to disclosing contributions made directly by the applicant, the applicant will be asked to supply information on other types of contributions. The campaign contribution disclosure forms will include questions that specifically ask for information on these other types of contributions. These contributions will be attributed to the individual or business and will be used to determine the applicant's eligibility to be awarded a contract.

Businesses (i.e. corporation, limited liability company, partnership association, joint venture, or any other legal entity) have to disclose contributions made by the following:

- Applicant business
- Parent, subsidiary, or otherwise affiliated entity of the applicant business ("affiliate")
- An individual or business that is then reimbursed by the applicant business or affiliate
- Officers, directors, controlling shareholders, or partners of the for-profit applicant business or for-profit affiliate
- Political action committee controlled by applicant business or affiliate
- Political action committee controlled by officer, director, controlling shareholder, or partner of the for-profit applicant business or for-profit affiliate

Individuals have to disclose contributions made by the following:

- Applicant individual
- Member of individual's immediate family (i.e., spouse, life partner, or dependent child living at home), when contributions are in excess of \$2600

In addition to direct contributions to candidates, incumbents, or political committees in the Commonwealth of Pennsylvania, applicants are also required to disclose:

1. Contributions not directly given to a candidate, incumbent, or political committee but made with the intent that the contribution will benefit the candidate, incumbent, or political committee;
2. Solicitation of contributions on behalf of a candidate, incumbent, or political committee, including the hosting of or solicitation at fundraising events (required to disclose details regarding the date of event and amount raised); and
3. Contributions not made directly by the individual/business to a candidate, incumbent, or political committee but furnished by the individual / business (as an "intermediary").

#### **Eligibility Restrictions**

If an individual makes contributions totaling over \$2,600 in one calendar year to a candidate for City elective office or to an incumbent, the individual is not eligible to receive a non-competitively bid contract during that candidate's or incumbent's term of office.

If a business makes contributions totaling over \$10,600 in one calendar year to a candidate for City elective office or to an incumbent, the business is not eligible to receive a non-competitively bid contract during that candidate's or incumbent's term of office.

Although individuals and businesses have to disclose campaign contributions made during the two years prior to the deadline for completing these forms, the eligibility restrictions take into consideration only those contributions made on or after January 1, 2006.

→ **Note on Eligibility:** If a candidate for any City elective office contributes \$250,000 or more from his or her personal resources to his or her campaign, then the eligibility thresholds for individuals and businesses shall double with respect to contributions to all candidates for that same elective office (i.e. \$5,200 for individuals and \$21,200 for businesses).

### **Definitions**

|                                |   |
|--------------------------------|---|
| Affiliate                      | A parent, subsidiary, or otherwise affiliated entity of a business  |
| Applicant                      | An individual or business who has filed an application to be awarded a non-competitively bid contract   |
| Business                       | A corporation, limited liability company, partnership, association, joint venture or any other legal entity (including non-profit organizations) that is not an Individual  |
| Candidate                      | Any individual who seeks nomination or election to public office, other than a judge of elections or inspector of elections, whether or not such individual is nominated or elected. An individual shall be deemed to be seeking nomination or election to such office if he or she has (1) received a contribution or made an expenditure or has given his consent for any other person or committee to receive a contribution or make an expenditure, for the purpose of influencing his or her nomination or election to such office, whether or not the individual has made known the specific office for which he or she will seek nomination or election at the time the contribution is received or the expenditure is made; or (2) taken the action necessary under the laws of the Commonwealth of Pennsylvania to qualify himself or herself for nomination or election to such office. |
| Consultant                     | A person used by an applicant to assist in obtaining a non-competitively bid contract through direct or indirect communication by such individual or business with any City agency or City officer or employee or any Delaware River Waterfront Corporation officer or employee, if the communication is undertaken by such individual or business in exchange for, or with the understanding of receiving, payment from the applicant; provided, however, that "Consultant" shall not include a full-time employee of the applicant.   |
| Contributions                  | The provision of money, in-kind assistance, discounts, forbearance or any other valuable thing, during the two years prior to the deadline for the filing of the application for the contract opportunity, to any of the following: <ul style="list-style-type: none"> <li>– a candidate for nomination or election to any public office in the Commonwealth of Pennsylvania;</li> <li>– an incumbent in any public office in the Commonwealth;</li> <li>– a political committee or state party in the Commonwealth; or</li> <li>– a group, committee or association organized in support of any candidate, office holder, political committee or state party in the Commonwealth.</li> </ul>   |
| Immediate family               | A spouse or life partner residing in the individual's household or minor dependent children   |
| Incumbent                      | An individual who holds elective office   |
| Intermediary                   | A person, who, other than in the regular course of business as a postal, delivery or messenger service, delivers a contribution from another individual or business to the recipient of such contribution   |
| Non-Competitively Bid Contract | A contract for the purchase of goods or services to which the City or City Agency is a party that is not subject to the lowest responsible bidder requirements of Section 8-200 of the Home Rule Charter, including, but not limited to, a Professional Services Contract, and any renewal of such a contract (other than a renewal term pursuant to an option to renew contained in an executed contract)  |
| Person                         | An individual, corporation, limited liability company, partnership, association, joint  |



|                                |   |
|--------------------------------|---|
|                                | venture, or any other legal entity  |
| Political committee            | Any committee, club, association or other group of persons which receives money or makes expenditures for purposes of influencing any election  |
| Professional Services Contract | A contract to which the City or a City Agency is a party that is not subject to the lowest competitive bidding requirements of Section 8-200 of the Home Rule Charter because it involves the rendition of professional services, including any renewal of such a contract (other than a renewal term pursuant to an option to renew contained in an executed contract) |
| Solicit a Contribution         | Requesting or suggesting that a person make a contribution. The sponsoring or hosting of a fundraising event is considered soliciting a contribution from the attendees of the event. Any contributions raised at such event are counted as a contribution made by the host of the event.   |

Date: \_\_\_\_\_

Initials: \_\_\_\_\_

**If Applying as an Individual:**  
**Campaign Contribution Disclosure Form**

Please read through the directions and definitions before filling out this disclosure form to make sure that each question is answered appropriately and thoroughly. Note that you must provide information for the two years prior to the application deadline.

|  | Yes                      | No                       |
|--|--------------------------|--------------------------|
| Have you made any contributions?   | <input type="checkbox"/> | <input type="checkbox"/> |
| Have you solicited or served as an intermediary for any contributions?   | <input type="checkbox"/> | <input type="checkbox"/> |
| Has a member of your immediate family made any contributions over and above \$2,600?                                   | <input type="checkbox"/> | <input type="checkbox"/> |
| Has a member of your immediate family solicited or served as an intermediary for contributions over and above \$2,600? | <input type="checkbox"/> | <input type="checkbox"/> |
| Check here to certify that no contributions were made.   | <input type="checkbox"/> |                          |

Additional information on every contribution must be disclosed.  
Please use the table provided on the next page.

*Date:* \_\_\_\_\_

**If Applying as an Individual:**

2. If the contributor was the Individual or Family Member:

[illegible]

Please use additional pages as needed.

Date: \_\_\_\_\_

Initials: \_\_\_\_\_

**If Applying as a Business:**  
**Campaign Contribution Disclosure Form**

Please read through the directions and definitions before filling out this disclosure form to make sure that each question is answered appropriately and thoroughly. Where "non-profit" is an option, indicate whether the business is a non-profit; non-profits are not required to disclose contribution information on these questions. Note that you must provide information for the two years prior to the application deadline.

|  | Yes                      | No                       | Non-Profit               |
|--|--------------------------|--------------------------|--------------------------|
| Has the business made any contributions?   | <input type="checkbox"/> | <input type="checkbox"/> |                          |
| Has the business solicited or served as an intermediary for any contributions?   | <input type="checkbox"/> | <input type="checkbox"/> |                          |
| Has an officer, director, controlling shareholder, or partner of the business made any contributions? See note below.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Has an officer, director, controlling shareholder, or partner of the business solicited or served as an intermediary for any contributions? See note below.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Has an affiliate of the business made any contributions?   | <input type="checkbox"/> | <input type="checkbox"/> |                          |
| Has an affiliate of the business solicited or served as an intermediary for any contributions?   | <input type="checkbox"/> | <input type="checkbox"/> |                          |
| Has an officer, director, controlling shareholder, or partner of a for-profit affiliate of the business made any contributions? See note below.  | <input type="checkbox"/> | <input type="checkbox"/> |                          |
| Has an officer, director, controlling shareholder, or partner of a for-profit affiliate of the business solicited or served as an intermediary for any contributions? See note below.  | <input type="checkbox"/> | <input type="checkbox"/> |                          |
| Has the business or an affiliate of the business reimbursed another individual or business for a contribution that the individual or business has made?  | <input type="checkbox"/> | <input type="checkbox"/> |                          |
| Has an officer, director, controlling shareholder, or partner of a for-profit business, or of a for-profit affiliate of the business, reimbursed another individual or business for a contribution that the individual or business has made? | <input type="checkbox"/> | <input type="checkbox"/> |                          |
| Has a political committee controlled by the business or by an affiliate of the business made any contributions?  | <input type="checkbox"/> | <input type="checkbox"/> |                          |
| Has a political committee controlled by an officer, director, controlling shareholder, or partner of the for-profit business, or of a for-profit affiliate of the business, made any contributions?  | <input type="checkbox"/> | <input type="checkbox"/> |                          |
| Check here to certify that no contributions were made.   | <input type="checkbox"/> |                          |                          |

Note: Applicants must disclose all contributions to candidates or incumbents which are attributed to an immediate family member of an officer, director, controlling shareholder or partner of the for-profit Applicant or the for-profit affiliate of the Applicant. Please disclose the full amount of the contribution, although only the amount above \$2600 will be attributed to the officer, director, controlling shareholder or partner (and, by extension, the Applicant business).

Additional information on every contribution must be disclosed.  
Please use the table provided on the next page.

**Initials:** \_\_\_\_\_

**If Applying as a Business:**  
**Campaign Contribution Disclosure Form**

For relationship, indicate whether the contributor was the Business, Affiliate, Controlled Political Committee, Controlling Shareholder, Director, Officer, Partner, Reimbursed Contributor, Solicited Contributor, Subsidiary, or Other.

[illegible]

Please use additional pages as needed.

Date: \_\_\_\_\_

Initials: \_\_\_\_\_

### **Use of Consultant Disclosure Form**

Please list all consultant(s) used in the year prior to the application deadline for this contract opportunity and the corresponding information for that consultant in the space provided below.

Please note that a Consultant, for the purposes of the required disclosures, is defined as an individual or business used by an applicant or contractor to assist in obtaining a non-competitively bid contract through direct or indirect communication by such individual or business with a City agency or City employee or official or Delaware River Waterfront Corporation or any Delaware River Waterfront Corporation officer or employee, if the communications is undertaken in exchange for, or with the understanding of receiving, payment from the applicant or contractor or any other individual or business (however, "Consultant" shall not include a full-time employee of the Applicant or Contractor).

|   |  |                          |
|---|--|--------------------------|
| Check here to certify that no consultant(s) was used in the year prior to the application deadline for this contract opportunity. |  | <input type="checkbox"/> |
| Consultant Name   |  |                          |
| Address 1   |  |                          |
| Address 2   |  |                          |
| City, State, Zip  |  |                          |
| Phone   |  |                          |
| Amount Paid or to be Paid   |  |                          |
| Consultant Name   |  |                          |
| Address 1   |  |                          |
| Address 2   |  |                          |
| City, State, Zip  |  |                          |
| Phone   |  |                          |
| Amount Paid or to be Paid   |  |                          |
| Consultant Name   |  |                          |
| Address 1   |  |                          |
| Address 2   |  |                          |
| City, State, Zip  |  |                          |
| Phone   |  |                          |
| Amount Paid or to be Paid   |  |                          |
| Consultant Name   |  |                          |
| Address 1   |  |                          |
| Address 2   |  |                          |
| City, State, Zip  |  |                          |
| Phone   |  |                          |
| Amount Paid or to be Paid   |  |                          |

Date: \_\_\_\_\_

Initials: \_\_\_\_\_

**Consultant: Individual Campaign Contribution Disclosure Form**

Use this form if the Consultant used is an Individual. Please read through the directions and definitions before filling out this disclosure form to make sure that each question is answered appropriately and thoroughly. Note that you must provide information for the two years prior to the application deadline.

|  | Yes                      | No                       |
|--|--------------------------|--------------------------|
| Has the Consultant made any contributions?   | <input type="checkbox"/> | <input type="checkbox"/> |
| Has the Consultant solicited or served as an intermediary for any contributions?   | <input type="checkbox"/> | <input type="checkbox"/> |
| Has a member of the Consultant's immediate family made any contributions over and above \$2,600?                                   | <input type="checkbox"/> | <input type="checkbox"/> |
| Has a member of the Consultant's immediate family solicited or served as an intermediary for contributions over and above \$2,600? | <input type="checkbox"/> | <input type="checkbox"/> |
| Check here to certify that no contributions were made.   | <input type="checkbox"/> |                          |

Additional information on every contribution must be disclosed.  
Please use the table provided on the next page.

**Initials:** \_\_\_\_\_

**Consultant: Individual Campaign Contribution Disclosure Form**

Use this form if the Consultant used is an Individual. For relationship, please indicate whether the contributor was the Individual or Family Member.

[illegible]

Please use additional pages as needed.



Date: \_\_\_\_\_

Initials: \_\_\_\_\_

### **Consultant: Business Campaign Contribution Disclosure Form**

Use this form if the Consultant used is a Business. Please read through the directions and definitions before filling out this disclosure form to make sure that each question is answered appropriately and thoroughly. Where "non-profit" is an option, indicate whether the business is a non-profit; non-profits are not required to disclose contribution information on these questions. Note that you must provide information for the two years prior to the application deadline.

|  | Yes                      | No                       | Non-Profit               |
|--|--------------------------|--------------------------|--------------------------|
| Has the Consultant business made any contributions?  | <input type="checkbox"/> | <input type="checkbox"/> |                          |
| Has the Consultant business solicited or served as an intermediary for any contributions?  | <input type="checkbox"/> | <input type="checkbox"/> |                          |
| Has an officer, director, controlling shareholder, or partner of the Consultant business made any contributions? See note below.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Has an officer, director, controlling shareholder, or partner of the Consultant business solicited or served as an intermediary for any contributions? See note below.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Has an affiliate of the Consultant business made any contributions?  | <input type="checkbox"/> | <input type="checkbox"/> |                          |
| Has an affiliate of the Consultant business solicited or served as an intermediary for any contributions?  | <input type="checkbox"/> | <input type="checkbox"/> |                          |
| Has an officer, director, controlling shareholder, or partner of a for-profit affiliate of the Consultant business made any contributions? See note below.   | <input type="checkbox"/> | <input type="checkbox"/> |                          |
| Has an officer, director, controlling shareholder, or partner of a for-profit affiliate of the Consultant business solicited or served as an intermediary for any contributions? See note below.   | <input type="checkbox"/> | <input type="checkbox"/> |                          |
| Has the Consultant business or an affiliate of the business reimbursed another individual or business for a contribution that the individual or business has made?   | <input type="checkbox"/> | <input type="checkbox"/> |                          |
| Has an officer, director, controlling shareholder, or partner of the for-profit Consultant business, or of a for-profit affiliate of the Consultant business, reimbursed another individual or business for a contribution that the individual or business has made? | <input type="checkbox"/> | <input type="checkbox"/> |                          |
| Has a political committee controlled by the Consultant business or by an affiliate of the business made any contributions?   | <input type="checkbox"/> | <input type="checkbox"/> |                          |
| Has a political committee controlled by an officer, director, controlling shareholder, or partner of the for-profit Consultant business, or of a for-profit affiliate of the Consultant business, made any contributions?  | <input type="checkbox"/> | <input type="checkbox"/> |                          |
| Check here to certify that no contributions were made.   | <input type="checkbox"/> |                          |                          |

Note: Consultants must disclose all contributions to candidates or incumbents which are attributed to an immediate family member of an officer, director, controlling shareholder or partner of the for-profit Consultant or the for-profit affiliate of the Consultant. Please disclose the full amount of the contribution, although only the amount above \$2500 will be attributed to the officer, director, controlling shareholder or partner (and, by extension, the Consultant business).

Additional information on every contribution must be disclosed.  
Please use the table provided on the next page.

**Initials:** \_\_\_\_\_

## **Consultant: Business Campaign Contribution Disclosure Form**

Use this form if the Consultant used is a Business. For relationship, indicate whether the contributor was the Consultant Business, Affiliate, Controlled Political Committee, Controlling Shareholder, Director, Officer, Parent, Reimbursed Contributor, Solicited Contributor, Subsidiary, or Other.

[illegible]

Date: \_\_\_\_\_

Initials: \_\_\_\_\_

### **Use of Subcontractor Disclosure Form**

Please list all subcontractor(s) you are planning to use if awarded this non-competitively bid contract by filling out the appropriate information in the space provided below.

|  |  |                          |
|--|--|--------------------------|
| Check here to certify that no subcontractor(s) are to be used. |  | <input type="checkbox"/> |
| <b>Subcontractor 1</b>   |  |                          |
| Subcontractor Name   |  |                          |
| Address 1  |  |                          |
| Address 2  |  |                          |
| City, State, Zip   |  |                          |
| Phone  |  |                          |
| Amount Paid or to be Paid, or Percentage to be Paid            |  |                          |
| <b>Subcontractor 2</b>   |  |                          |
| Subcontractor Name   |  |                          |
| Address 1  |  |                          |
| Address 2  |  |                          |
| City, State, Zip   |  |                          |
| Phone  |  |                          |
| Amount Paid or to be Paid, or Percentage to be Paid            |  |                          |
| <b>Subcontractor 3</b>   |  |                          |
| Subcontractor Name   |  |                          |
| Address 1  |  |                          |
| Address 2  |  |                          |
| City, State, Zip   |  |                          |
| Phone  |  |                          |
| Amount Paid or to be Paid, or Percentage to be Paid            |  |                          |
| <b>Subcontractor 4</b>   |  |                          |
| Subcontractor Name   |  |                          |
| Address 1  |  |                          |
| Address 2  |  |                          |
| City, State, Zip   |  |                          |
| Phone  |  |                          |
| Amount Paid or to be Paid, or Percentage to be Paid            |  |                          |

Date: \_\_\_\_\_

Initials: \_\_\_\_\_

### **Employee Request Disclosure Form**

Please list any City of Philadelphia or Delaware River Waterfront Corporation employees or officers who have asked you (the Applicant), any officer director, or management employee of the Applicant, or any person representing the Applicant to give money, services, or any other thing of value (other than contributions as defined above) during the two years prior to the application deadline for this contract opportunity.

Check here to certify that no City of Philadelphia or Delaware River Waterfront Corporation employees or officers who have asked you (the Applicant), any officer director, or management employee of the Applicant, or any person representing the Applicant to give money, services, or any other thing of value (other than contributions as defined above) during the two years prior to the application deadline for this contract opportunity.



Name of Employee/Officer

Title

Money Services, or Thing of Value Requested

Money, Services, or Thing of Value Given (If none, write "none")

Date Requested

Date of Payment

Name of Employee/Officer

Title

Money Services, or Thing of Value Requested

Money, Services, or Thing of Value Given (If none, write "none")

Date Requested

Date of Payment

Name of Employee/Officer

Title

Money Services, or Thing of Value Requested

Money, Services, or Thing of Value Given (If none, write "none")

Date Requested

Date of Payment

Date: \_\_\_\_\_

Initials: \_\_\_\_\_

### **Employee Participation Advice Disclosure Form**

Please list any City of Philadelphia or Delaware River Waterfront Corporation employees or officers who gave you (the Applicant), any officer director, or management employee of the Applicant, or any person representing the Applicant advice that a particular individual or business could be used by the Applicant to satisfy any goals established in the contract for the participation of minority, women, disabled, or disadvantaged business enterprises during the two years prior to the application deadline for this contract opportunity.

|   |                          |
|---|--------------------------|
| Check here to certify that no City of Philadelphia or Delaware River Waterfront Corporation employees or officers gave you (the Applicant), any officer director, or management employee of the Applicant, or any person representing the Applicant advice that a particular individual or business could be used by the Applicant to satisfy any goals established in the contract for the participation of minority, women, disabled, or disadvantaged business enterprises during the two years prior to the application deadline for this contract opportunity. | <input type="checkbox"/> |
| Name of Employee/Officer  |                          |
| Title   |                          |
| Date of Advice  |                          |
| Individual or Business Recommended to Satisfy Participation Goals   |                          |
| Name of Employee/Officer  |                          |
| Title   |                          |
| Date of Advice  |                          |
| Individual or Business Recommended to Satisfy Participation Goals   |                          |
| Name of Employee/Officer  |                          |
| Title   |                          |
| Date of Advice  |                          |
| Individual or Business Recommended to Satisfy Participation Goals   |                          |
| Name of Employee/Officer  |                          |
| Title   |                          |
| Date of Advice  |                          |
| Individual or Business Recommended to Satisfy Participation Goals   |                          |

Date: \_\_\_\_\_

Initials: \_\_\_\_\_

Signature Page

In order for the submission of these disclosure forms to be considered valid, they must be properly signed below by the respondent. Disclosure forms **that are not signed will be rejected**. By signing your name and title in the signature space below, you, as the applicant, signify your intent to sign these disclosure forms. The signatory hereby declares and certifies themselves to be the applicant, declares and certifies that they are properly authorized to execute these disclosure forms, and represents and covenants that all of the information and disclosures provided to the best of their knowledge are true and contain no material misstatements or omissions. Breach of such representation and covenant may render any subsequent contract voidable, and entitle Delaware River Waterfront Corporation to all rights and remedies provided by law or equity.

If these disclosure forms are being submitted by an INDIVIDUAL, PARTNERSHIP, LIMITED LIABILITY COMPANY OR MANAGED LIMITED LIABILITY COMPANY, sign the forms here:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

If these disclosure forms are being submitted by a CORPORATION, sign the forms here, with signatures by (a) President or Vice-President of the corporation AND (b) Secretary, Assistant Secretary, Treasurer or Assistant Treasurer of the corporation. If the disclosure forms are not signed by the above mentioned, you hereby certify that you are authorized pursuant to a certified corporate resolution to sign in place of such officers.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name

\_\_\_\_\_  
*President/Vice President, if other, please specify*

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name

\_\_\_\_\_  
*Secretary/Asst. Secretary/Treasurer/Asst. Treasurer  
If other, please specify*

**THE PHILADELPHIA PARKING AUTHORITY  
3101 MARKET STREET - 2<sup>ND</sup> FLOOR  
PHILADELPHIA, PA 19104-2895**

**REQUEST FOR PROPOSALS -2012  
Actuary - Self Insurance Liability  
Actuary GASB45**

**Addendum One**

**To:** All Prospective Proposers  
**From:** Serena Blanco  
Manager Contract Administration  
**Date:** December 7, 2012  
**No Pages:** 5,(not including the attachments)

This addendum is issued on December 7, 2012 prior to the proposal due date to add, delete, modify, clarify and/or to respond to questions submitted by prospective proposer regarding the work included in the Proposal for Actuary -Self Insurance and Actuary GASB45.

**Attachments:**

Post-Employment Benefit Plan - The Hay Group  
Actuarial Analysis - Huggins Actuarial Services, Inc.  
Loss Summary - Travelers Insurance Company  
Description of Sick Leave Provision - Parking Authority Employee Handbook

**Questions:**

1. Can you send us a copy of the most recent actuarial report completed by the incumbent actuary? **Response:** Yes.
2. Is the incumbent actuary being permitted to bid on this RFP? **Response:** Yes.
3. Why is the RFP being issued at this time? **Response:** The contract expired.
4. What are the fee amounts for the current engagement for these services? **Response:** Self-Insurance, \$10, 275.00 and GASB45, \$9,500.00.
5. Are there multiple medical plan options (i.e. PPO vs. HMO etc.) being used by the retired participants or are they just in one program? **Response:** Yes, HMO, PPO and Medicare Supplement Plan.

6. Are retirees receiving benefits under both pre-Medicare plans and under Medicare supplement plans? **Response:** Yes.
7. Is there a preferred periodic meeting schedule for this service? **Response:** Yes, 1-3 meetings is the preferred meeting schedule for this service.
8. Can you send us a copy of the most recent actuarial report completed by the incumbent actuary? **Response:** Yes.
9. Is the incumbent actuary being permitted to bid on this RFP? **Response:** Yes.
10. Who is the incumbent actuarial firm? **Response:** Huggins Actuarial Services, Inc.
11. Will the Authority need both gross and net reserve estimates (i.e. unlimited and limited to the deductible), or only the net liability? **Response:** Yes.
12. Are loss development triangles available? **Response:** Yes.
13. Is the catastrophic loss exposure mentioned in the last paragraph of the appendix part of the scope of the analysis? **Response:** Yes.
14. The RFP states that the Scope of Services is for a three-year period; however, it also states that the purpose of the contract is to assist the Authority in the preparation of its financial statements for the period 2013 through 2017. How can a contract which purports to end in 2015 be used to provide information on financial statements to be filed in 2016 or 2017? Which is the correct period for the contract? **Response:** The contract will be for a period of 5 years, 2013-2017.
15. Can you provide the name of the last 3 actuarial firms that provided the work and how long each of them provided services? Please note if any of these firms also provided services for the associated actuarial GASB 45 valuation for those years. **Response:** Yes, The Hay Group.
16. Do we have to bid on both the self-insurance project and the GASB 45 project to be considered? **Response:** No.
17. What were the annual fees charged for each year for the self-insurance project? **Response:** Self-Insurance, \$10,275.00 and GASB45, \$9,500.00.
18. Can we get a copy of the proposal of the last successful proposer? **Response:** No.
19. Can you provide the proposal scoring from the previous RFP? **Response:** No.



20. Can we get a copy of the most recent actuarial report? **Response:** Yes.
21. Can you provide the point distributions used to weight the various selection criteria used in determining the winning bidder? **Response:** No.
22. What data are available for the requested analysis? Please describe briefly the types of loss runs, number of years of data, loss development triangles, underwriting or exposure information that is available. **Response:** See Attachment.
23. Are there loss triangles, loss summaries, or summary statistical information that you can provide now to assist us in pricing the number of hours required to do the work described in the RFP? **Response:** No.
24. Is the Philadelphia Parking Authority (the Authority) satisfied with the incumbent's work product? **Response:** Yes.
25. Will the actuary awarded the contract be supplied with a copy of the prior actuarial report, for comparison to assess reasonability of results? **Response:** Yes.
26. Approximately how many policy/accident periods currently have open claims for each of workers compensation, general liability and auto liability coverage? **Response:** 12 Years.
27. Please confirm that actuarial valuations will occur on a biannual basis for the March 31, 2013, 2015 and 2017 fiscal years and these valuations will be the basis for financial reporting in the interim years. **Response:** The actuarial valuations will occur annually.
28. Please provide a copy of the last full GASB 45 actuarial valuation and any subsequent interim valuations. Alternatively, copies of the plan provisions and assumption sections may be provided. **Response:** See Attachment.
29. Since the Authority self-insures its health and welfare benefits, please indicate if claim information is available separately for actives and retirees. **Response:** The Philadelphia Parking Authority is fully insured for health insurance that includes dental, eye care and medical. The Philadelphia Parking Authority is self-insured for prescription drugs. Yes, the information is available for active retirees.
30. Please describe the provision that allows employees to purchase additional benefits with accumulated sick leave (if not included in the information requested in the second bullet). **Response:** See Attachment.
31. Is this RFP being initiated due to dissatisfaction or other issues with the current actuary? **Response:** No.

32. May we have a copy of the current report? **Response:** Yes.
33. The first page of the RFP states the Authority is self-insured, yet the Appendix states they have large deductible policies. Please clarify. **Response:** Self-insured for \$300,000 per case.
34. Has the Authority had an actuarial report provided in the past for this coverage? **Response:** Yes.
35. For how many years has the Philadelphia Parking Authority been self-insured (or had a large deductible) for WC? **Response:** The Authority has been self-insured for over 10 years.
36. Has the Ded/SIR changed over time? How? **Response:** No.
37. Has the Ded/SIR ever varied by class? How? **Response:** No.
38. From how many sources does the data come? **Response:** The data comes from 4 sources.
39. Will the data be provided in an excel spreadsheet so that it can be manipulated? **Response:** We will request the data to be in that format.
40. Will the Authority be able to provide either loss development triangles (limited to the various historical Ded/SIRs) or historical annual loss valuations (from which we will create the triangles)? **Response:** Yes.
41. Will the Authority want a Cash Flow analysis included in the Actuarial Report? **Response:** Yes.
42. How many separate coverages need to be reviewed? For instance, would Auto Liability and General Liability be reviewed separately or together? **Response:** Worker's Compensation, General Liability, and Auto.
43. Are other coverages such as Garage Keepers' Liability and Employment Practices Liability included with the GL? **Response:** Other coverages are separate.
44. For how long has the Authority been self-insured (or had a large deductible) for each coverage reviewed separately? **Response:** The Authority has been self-insured for over 10 years.
45. For each coverage separately reviewed, has the Ded/SIR changed over time? How? **Response:** The Deductible has not changed. The SIR has changed.
46. From how many sources does the data come? **Response:** The data comes from 4 sources.

47. Will the data be provided in an excel spreadsheet so that it can be manipulated? Response: From the Insurance Company to Actuary. **Response:** We will request the data to be in that format.
48. For each coverage separately reviewed, will the Authority be able to provide either loss development triangles (limited to the various historical SIRs) or historical annual loss valuation s (from which we will create the triangles)? **Response:** Yes.
49. Will the Authority want a Cash Flow analysis included in the Actuarial Report? **Response:** Yes.

## **END OF ADDENDUM ONE**

## **EXHIBIT "B"**



# AQUARIUS COMPANIES



CUSTOMIZED SOLUTIONS IN FINANCE, INSURANCE  
AND RISK MANAGEMENT



THE AQUARIUS GROUP



THE AQUARIUS GROUP



**AQUARIUS  
CAPITAL**

*The Philadelphia Parking Authority for GASB45 OPEB Actuarial Services 2012*

**THE PHILADELPHIA PARKING AUTHORITY**

**PROPOSAL FOR ACTUARIAL CONSULTING SERVICES**

**OTHER POSTEMPLOYMENT BENEFITS – GASB 43 & 45**

**(PROPOSAL NO. PPA.ACTUARYGASB.2012)**

**PREPARED BY:**

**AQUARIUS CAPITAL**  
**110 BETSY BROWN ROAD**  
**PORT CHESTER, NY 10573**  
**CONTACT: MICHAEL L. FRANK, PRESIDENT & ACTUARY**  
**TEL: (914) 933-0063**  
**E-MAIL: MICHAEL.FRANK@AQUARIUSCAPITAL.COM**  
**TAX ID: 32-0020166**  
**DATE: DECEMBER 9, 2012**



**AQUARIUS  
CAPITAL**

*The Philadelphia Parking Authority for GASB45 OPEB Actuarial Services 2012*

December 9, 2012

Ms. Serena Blanco  
Manager Contract Administration  
The Philadelphia Parking Authority  
3101 Market Street, 2nd Floor  
Philadelphia, PA 19104-2895

Re: Proposal for GASB45 Actuarial Valuation of Other Post Employment Benefits (OPEB)

Dear Ms. Blanco:

Thank you for forwarding a copy of your Request-for-Proposal (RFP). Below is a proposal for services for providing The Philadelphia Parking Authority ("Company") with a postemployment benefits valuation under Government Accounting Standards Board (GASB) No. 43 & 45. As part of the proposal, we attached a proposal acceptance page in Exhibit I-B. If you agree with the proposal below, please sign and fax to my attention at (914) 933-0064. If you have any questions or wish to review in more detail, please contact me at (914) 933-0063.

Included in the proposals are the following nine (9) exhibits along with a table of contents.

|              |   |
|--------------|---|
| Exhibit I    | Proposed Fees, Proposal Acceptance Signature Page, Data Request & Certifications        |
| Exhibit II   | Overview of Aquarius  |
| Exhibit III  | Management Team Bios  |
| Exhibit IV   | Summary of Aquarius Clients   |
| Exhibit V    | List of Aquarius Insurance Company Appointments   |
| Exhibit VI   | References for Aquarius (15 References) -- <i>Please keep this exhibit confidential</i> |
| Exhibit VII  | Article Published with Society of Actuaries   |
| Exhibit VIII | Copy of W-9 Form  |
| Exhibit IX   | Insurance Certification & Business Entity Forms   |

Proposed fees are included as part of proposal in Exhibit I-A. A proposal acceptance page is included in Exhibit I-B. For additional information about our organization, please visit our website [www.aquariuscapital.com](http://www.aquariuscapital.com) and see "Aquarius in the News" section, which will highlight the history of our organization including publications, presentations, and special events.

Proposed Fees

The terms and conditions of this agreement are as follows:

- **Proposed Fee:** Our proposed fees are in the attachments in Exhibit I-A.
- **Completion Time:** Estimated completion is approximately three (3) weeks based on availability of information. Exhibit I-C of this proposal has a data request for information needed for the valuation.
- **Other Provisions:** Company agrees to indemnify, defend and hold harmless Aquarius from any third party liability except liability arising from Aquarius' gross negligence or willful misconduct. Aquarius liability will be limited to fees earned and paid for this specific engagement. In any action or proceeding to enforce this agreement, Aquarius shall be entitled to recover its reasonable attorneys' fees and costs from Company.



## AQUARIUS CAPITAL

*The Philadelphia Parking Authority for GASB45 OPEB Actuarial Services 2012*

December 9, 2012  
Page 2

### Proposed Work Plan

Below is a summary of our proposed work plan.

- **Data Gathering** – We provided a sample data request to be used for collecting information for the valuation. See Exhibit I for a sample data request. We anticipate obtaining information electronically for individual record information on active and retired employees and their dependents. We would recommend a conference call with the individuals responsible for collecting data.
- **Review of Assumptions** – We will provide suggestions and recommendations on the assumptions to be used for the GASB 43/45 valuation unless you have already identified and selected certain assumptions (e.g., GASB 25/27).
- **Valuation Report** - Valuation report will include GASB 43/45 financial results along with a summary of assumptions, plan provisions and demographic census information used in the valuation. If desired, we can review report in detail with you and adjust valuation accordingly if needed.
- **Sensitivity Analysis** - As part of the valuation, we will include sensitivity analysis based on variations of discount interest rates and health care cost inflation (trend) increases.

Please note that we did not provide a proposed end date since we understand that each organization will be able to provide information at different rates depending on access to their data. We anticipate the completion time above is based on receiving data items as outlined in Exhibit I.

### Overview of Aquarius

Aquarius Capital is an independently owned company with offices in New York and Connecticut. Formed in 2002, Aquarius Capital provides an array of services to its clients in the life, accident & health insurance industry including actuarial, underwriting, insurance/employee benefits brokering, product development, managed care analysis, and reinsurance risk management services.

Actuarial services include managed care pricing, rate filings, reserve valuations/opinions, new product development, capitation reviews, financial forecasts, reinsurance pricing/underwriting, other post employment benefit valuations (e.g., GASB 45, FAS 106), and life settlement valuations.

Aquarius insurance clients include employers, insurance companies, reinsurers, managed care companies, municipalities, managing general underwriters, school districts, brokerage firms, health care providers, Fortune 500 companies, brokerage firms and other actuarial organizations requiring expertise in the life, accident and healthcare market. Employer clients include both municipal and private sector companies purchasing insurance on a fully insured or self-funded basis.

Aquarius is also active in the capital markets having consulted more than eighty (80) financial institutions including investment bankers, private equity firms, hedge funds, asset managers and research organizations in US and international business ventures.





## AQUARIUS CAPITAL

*The Philadelphia Parking Authority for GASB45 OPEB Actuarial Services 2012*

December 9, 2012

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### Retiree Health Valuation Experience (GASB45 Valuations)

The management team at Aquarius has completed more than 500 retiree valuations for other postemployment benefits (OPEB) under FAS 106, GASB 43/45, SOP 92-6, retiree buyouts, insurance valuations, and reinsurance transactions. Clients include public and private sector organizations that offer OPEB to employees as well as insurance companies, reinsurers, HMOs, disease management and wellness companies interested in managing and assuming risk on OPEB. See Exhibit II for a summary of services.

Our GASB 45 employer clients nationally include school districts, towns/cities, housing authority, utilities companies and other municipalities as well as New York, including a variety of municipalities and insurance companies in Nassau County. We also consult actuarial consulting and insurance brokerage firms in actuarial services including GASB45.

In addition to being credentialed as actuaries, our firm is licensed as insurance brokers, managing general underwriters and reinsurance intermediaries, so we can assist the various employers in strategic planning of benefits to provide additional creative solutions for this postemployment liability. No other actuarial consulting firm has all of these licenses or can claim to provide the level of expertise of our organization, and specifically the account team that would be assigned to your organization. *Furthermore, work will not be done by any entry level employees and solely done by highly experienced personnel with each individual having more than twenty (20) years of relevant experience.*

### Other Aquarius Expertise

Michael and Don were previously employed as the actuarial team for Physicians Health Services (now Healthnet of the Northeast) and currently work closely with the various insurance carriers nationwide including Berkshire Hathaway, Blue Cross, Cigna, Aetna, United Healthcare, Healthnet, Medco and other health companies. For example, Aquarius Capital is the appointed actuary for Berkshire Hathaway Group insurance companies and provides a reserve opinion for various insurance companies of Berkshire Hathaway Group. The Aquarius management team also works closely with and has a good relationship various insurance departments nationwide.

Exhibits III-VI provides an overview on our company including management team biographies and clients. In Exhibit VII, we included an article that we have published with the Society of Actuaries on OPEB liability and strategic approaches to managing and mitigating this exposure. For historical information about our organization, please visit website [www.aquariuscapital.com](http://www.aquariuscapital.com) and see section "Aquarius in the News." This will include published material, speaking engagements and other landmark events for our organization.

### Industry Credentials & Recognition

Michael Frank, President of Aquarius Capital, was elected as Chairperson for Continuing Education for the Actuarial Society of Greater New York (ASNY) for 2007 to 2009. He was recently elected President of the Actuarial Society of Greater New York (ASNY) and will serve as President Elect in 2010 and President in 2011. ASNY is the largest actuarial club in the world and serves more than 3,000 actuaries in the New York, Connecticut, and New Jersey, and also has participants from the Maryland, Massachusetts and Pennsylvania market places. Members of the organization include actuaries from consulting firms, insurance companies and regulatory agencies (e.g., insurance departments).



**AQUARIUS  
CAPITAL**

*The Philadelphia Parking Authority for GASB45 OPEB Actuarial Services 2012*

December 9, 2012  
Page 4

Michael is also elected to the Society of Actuaries Entrepreneurial Section Council and elected as the lone health care representative for the Society of Actuaries Reinsurance Section Council, and is actively working on transactions to integrate GASB 45 liability management into the reinsurance community. He is also a member of the American Academy of Actuaries and Conference of Consulting Actuaries task force for healthcare reform.

Your proposed account team, Michael Frank and Donald Rusconi are adjunct professors at Columbia University teaching a Master of Science program called "Global Perspective of the Health Insurance Industry" for the Actuarial Department. The course provides actuarial students with professional training of all aspects of health actuarial work including retiree health valuations (e.g., GASB45).

Actuarial Opinion

I, Michael L. Frank, ASA, FCA, MAAA, am President and Actuary of Aquarius Capital Solutions Group LLC. I am an Associate of the Society of Actuaries, Fellow of Conference of Consulting Actuaries, and Member of the American Academy of Actuaries and he meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion required for the proposed services. In addition, Michael is qualified to issue a Public Statement of Actuarial Opinion (PSAO) in accordance with the Qualification Standards of the American Academy of Actuaries ("AAA").

If any questions in the interim, please call me at (914) 933-0063 or cell phone at (914) 216-8872. If desired, we would welcome the opportunity to review our proposal with you in person. Thank you for considering us for this opportunity. We look forward to potentially working with you.

Sincerely,

Michael L. Frank, A.S.A., F.C.A., M.A.A.A.  
President and Actuary

Cc: Donald Rusconi - Aquarius Capital

Enclosure (Exhibits I-IX w/ Table of Contents)



AQUARIUS  
CAPITAL

*The Philadelphia Parking Authority for GASB45 OPEB Actuarial Services 2012*

## THE PHILADELPHIA PARKING AUTHORITY

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AQUARIUS  
CAPITAL

*The Philadelphia Parking Authority for GASB45 OPER Actuarial Services 2012*

## EXHIBIT I-A

### THE PHILADELPHIA PARKING AUTHORITY

#### PROPOSED FEES

Our proposed fees are as follows:

- Year 1: \$ 5,000 for Full GASB 45 Valuation or alternatively
- Years 2-4 (Optional Years): \$ 5,000 for Full GASB 45 Valuation or alternatively  
\$ 1,500 for Roll Forward Calculation (interim year)

#### Other Highlights

- Optional Years to Company: We provided Years 2-4 as an option year. Additional years can be guaranteed if requested.
- Reporting by Business Unit: Proposal reflects calculation of results by the provided business units in the request for proposal.
- Opportunity for Fee Reductions: In the future, if we are retained as a benefits consultant and health insurance broker, then we may be willing to offer a discount reduction to our proposed fees since we may get some economies of scale in work (e.g., analyzing similar census information, review of plan designs, employee contribution rates, etc. for health insurance brokering). This would be handled on a case-by-case basis. Please contact us if you wish to discuss further.

Signature of Proposer: \_\_\_\_\_

Name of Proposer: Aquarius Capital Solutions Group LLC

Name/Title: Michael L. Frank, President & Actuary

Business Address: 110 Betsy Brown Road, Port Chester, NY 10573

Telephone: (914) 933-0063

Email: michael.frank@aquariuscapiatl.com



**AQUARIUS  
CAPITAL**

*The Philadelphia Parking Authority for GASB45 OPEB Actuarial Services 2012*

## **EXHIBIT I-B**

### **PROPOSAL ACCEPTANCE SIGNATURE PAGE**

**Project: The Philadelphia Parking Authority GASB 45 Actuarial Services (Proposal Date 12/9/12)**

**Proposed Fee:** \$5,000 for Full Valuation or \$1,500 for Roll Forward Calculation. See Exhibit I-A for details.

I agree to the above arrangement:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

Please sign and fax to the following:

Fax No.: (914) 933-0064

**Aquarius Capital**  
Attn: Michael Frank  
110 Betsy Brown Rd.  
Port Chester, NY 10573



## **EXHIBIT I-C**

### **Summary Request for Information**

Below is a summary of data items required for completing a valuation for postemployment non-pension benefits for GASB Statements No. 43 & 45 (GASB 43/45). Information required is as follows:

1. **Summary of Retiree Benefits:** Obtain the plan design(s) for retiree benefits including deductibles, coinsurance, maximum benefits and insurance carrier providers. Benefits would include medical, prescription drugs, dental, vision, life and other post employment benefits. Please include a copy of a plan summary, plan document and/or summary plan description.
2. **Financial Year:** Please provide the dates for fiscal year (e.g., 1/1/12 to 12/31/12, etc.).
3. **Eligibility Requirements:** Please provide eligibility requirements by type of retirement benefit (e.g., medical, life, etc.) and how it applies to benefits and retiree contribution rates. Please identify the requirements to apply for each group if varying requirements (e.g., minimum age and/or minimum years of services) by benefit. Please confirm if the requirement for all benefits (e.g., medical, life, etc.). Please identify if certain groups have been grandfathered for benefits (or provided any special incentive packages) and if certain benefits are available to current retirees or if future retirees (those currently active) will be eligible for these benefits.
4. **Electronic Census Information:** Provide an electronic census for population including:
  - Employee ID
  - Date of birth, date of hire, and spouse date of birth (if applicable & available)
  - Gender
  - Date of termination or retirement (if applicable)
  - Eligibility indicator (if applicable or available)
  - Employment status (e.g., active, retired, surviving spouse, etc.)
  - Salary class/grouping if additional reporting is requested by this class (may be used for contribution variations, retiree eligibility, or other reporting requirements.
  - Election for each type of covered benefit (Y or N) – Example, Medical, Dental, Life, etc.
  - Coverage tier for each type of covered benefit (e.g., EE only, EE + 1 dependent, etc.)
  - Insurance Carrier name and premium rate before employee contributions
  - Retired employee contribution rate (if tracked uniquely to each employee), if applicable
  - Retiree life insurance benefit amount, if applicable.

Please provide electronic census on a record-by-record basis in Excel for both actives (including eligible opt-outs) and retirees. In addition, please include any control totals so that we can compare electronic files for validation check as well as effective date of census information. If you desire results to be summarized by subcategories (e.g., class of employees), then please include an indicator in the census information so results can be separated accordingly.

5. **Premium Rates for Retiree Population:** Please provide premium rate information for the past two to three years for all coverages on both a pre-65 and post-65 retiree basis. Please provide for each insurance benefit and insurance carrier.
6. **Other Reporting:** Copies of Prior Valuations including any historical other postemployment benefits (OPEB) valuations for GASB 43/45 plus the last year end audited financials referencing GASB 45 accounting and footnotes, if a prior valuation was done. Please provide guidance on handling of Medicare Part D subsidy (e.g., included or excluded in insurance costs) plus include guidance on how Medicare Part B reimbursements are handled for employees and dependents.

If any questions pertaining, then please contact Michael Frank at (914) 933-0063 or [michael.frank@aquariuscapital.com](mailto:michael.frank@aquariuscapital.com).



**AQUARIUS  
CAPITAL**

*The Philadelphia Parking Authority for GASB45 OPEB Actuarial Services 2012*

**EXHIBIT I-D**

**ADDITIONAL CERTIFICATIONS**

In addition to responding to the foregoing items, the undersigned Respondent certifies that:

- A. The firm's participation in the matters contemplated by this RFP will not create any conflict of interest for the firm or any of its officers or employees.
- B. The firm is an equal opportunity employer and does not discriminate against applicants or employees on the basis of race, color, religion, sex, age, disability, national origin, or ancestry.
- C. The firm is not currently in violation of or under any investigation or review for a violation of any state or federal law or regulation that might have a material adverse impact on the firm's ability to serve if selected.
- D. The firm is solvent and has never been involved in a bankruptcy, either corporately or individually (any of its employees or partners).
- E. The firm and the opining actuary Michael L. Frank is qualified to issue a Public Statement of Actuarial Opinion (PSAO) in accordance with the Qualification Standards of the American Academy of Actuaries ("AAA".)

Signature of Proposer: \_\_\_\_\_

Name of Proposer: \_\_\_\_\_

Name/Title: \_\_\_\_\_

State of Incorporation: \_\_\_\_\_

Business Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Telephone: \_\_\_\_\_

Aquarius Capital Solutions Group LLC

Michael L. Frank, President

New York

110 Betsy Brown Road

Port Chester, NY 10573

(914) 933-0063



**AQUARIUS  
CAPITAL**

*The Philadelphia Parking Authority for GASB45 OPER Actuarial Services 2012*

**EXHIBIT I-D (CONTINUED)**

**VENDOR CERTIFICATION**

I, Michael Frank of the Port Chester in the County of Westchester, State of New York of full age, being duly sworn according to law on my oath depose and say that:

- I certify that no member of your company, nor any officer or employee or person whose salary is payable in whole or in part by said company is directly or indirectly interested in this bid or in the supplies, materials, equipment, work or services to which it relates, or in any portion of profits thereof. If a situation so exists where a board member, employee, or officer of the board has an interest in the bid, etc., then please attach a letter of explanation to this document, duly signed by the president of the firm or company.
- I further certify that no contributions have been made to any member of the Board of Education within the past year and that no contributions will be made during the term of this contract.
- I am Michael Frank of the firm/agency of Aquarius Capital, the bidder making the bid for the herein project, and that I executed the said Qualification with full authority to do so, that said bidder has not, directly or indirectly, entered into any agreement, participated in any collusion, participated in drafting these specifications or route descriptions, or otherwise taken any action in restraint of free, competitive bidding in connection with the above bid and that all statements contained in said Qualification and in this affidavit are true and correct, and made with full knowledge that the State of New York relies upon the truth of the statements contained in said Qualification and in the statements contained in this affidavit in awarding the contract for the said project.
- I further warrant that no person or selling agency has been employed or retained to solicit or secure such contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, except bona fide employees or bona fide established commercial or selling agencies maintained by
- The firm's participation in the matters contemplated by this RFP will not create any conflict of interest for the firm or any of its officers or employees.
- The firm is an equal opportunity employer and does not discriminate against applicants or employees on the basis of race, color, religion, sex, age, disability, national origin, or ancestry.
- The firm is not currently in violation of or under any investigation or review for a violation of any state or federal law or regulation that might have a material adverse impact on the firm's ability to serve if selected.

Signature of Proposer: \_\_\_\_\_

Name of Proposer: \_\_\_\_\_

Name/Title: \_\_\_\_\_

Business Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

Aquarius Capital Solutions Group LLC

Michael L. Frank, President

110 Betsy Brown Road, Port Chester, NY 10573

(914) 933-0063





## AQUARIUS CAPITAL

*The Philadelphia Parking Authority for GASB45 OPEB Actuarial Services 2012*

### EXHIBIT II

#### OVERVIEW OF AQUARIUS CAPITAL

Aquarius Capital is a limited liability company founded in 2002 and provides customized solutions in finance, insurance and risk management. Our clients are corporations, insurance companies, financial institutions, reinsurers, school districts, municipalities, managed care companies and health care providers requiring our expertise in the life, accident and healthcare market. We also provide services to brokerage firms, investment bankers, venture capital companies, third party administrators, and managing general underwriters requiring expertise in understanding health care and insurance markets.

For our corporate and public sector clients, our services expand beyond health care benefits and include solutions in employee and retirement benefits including but not limited to life, health, disability and pensions. We have also established additional capital solutions and structured settlements for clients looking to address their day-to-day business issues. For retiree benefits, this might include liability buyouts.

The management team of Aquarius has more than forty years of experience in the retiree benefits field including providing consulting and actuarial valuations for retiree health and life insurance benefits. Our expertise includes not only providing an actuarial valuation for retiree health benefits, but expands to provide a full and creative consulting process for our clients, including benefit redesign, cost containment solutions, reinsurance and brokering of these benefits. We believe that this is critical since our organization has the unique ability to both value the benefits for financial reporting and develop creative solutions to reduce the liability and costs for these benefits.

#### EMPLOYEE BENEFITS CONSULTING

Aquarius provides employee consulting services to employers in the private sector, including publicly traded companies, as well as government entities. Employee and retirement benefits are a significant cost area to both the public and private sector and have become an important component in attracting quality employees. At Aquarius Capital, we assist employers in evaluating and managing their employee benefits portfolio, including health care, life insurance, disability coverage, voluntary benefits and retirement plans.

Services that we offer clients include:

- Partner selection for benefits, including due diligence reviews, selection, and ongoing management.
- Managing client vendor relationships with insurance carriers, benefit providers and third party administrators for managing employee and retirement benefits.
- Insurance brokering and consulting for all lines of employee and retirement benefits.
- Consulting clients on strategic and financial planning based on impacts of healthcare reform.
- Plan design evaluation and selection for both traditional and voluntary benefits.
- Develop strategies for specialty workforces such as part-time, seasonal and 1099 employees.
- Pricing and evaluation, including flexible benefits pricing, actuarial reviews, COBRA pricing, and reserve valuation for benefit programs.
- Risk management planning including evaluating and implementing solutions for fully insured and self-funded arrangements including the purchases of stop loss insurance and reinsurance.
- Consulting and resource for collective bargaining negotiation focused on employee and retirement benefits.
- Contract and agreement reviews including management of new and termination of agreements with carriers and vendors.



## **EXHIBIT II (Continued)**

- Conduct pre-renewal analysis with carriers for budget planning and renewal negotiating leverage.
- Assist client with financial forecasting, feasibility studies and budgeting beyond solely benefits.
- Conduct vendor audits and forensic reviews including claims, eligibility and troubleshooting data issues.
- Review and analysis of postemployment and retirement benefits, including medical, life and other retirement benefits (e.g., FAS 106, SOP92-6, GASB 45 liabilities). This would include developing strategies to mitigate and reduce these liabilities as needed.
- Provide Medicare Part D attestation for employers with retiree benefit prescription drug plans.
- Buyouts of retiree benefits for legacy populations and plan designs possibly the result of collective bargaining (a unique solution for handling high cost and administrative challenges of these benefits).
- Purchasing and evaluation of accident insurance coverage(s), including catastrophic and student insurance.
- Creative financial solutions for life insurance endowment programs (e.g., life settlements).

Partner selection would include both insurance companies and administrators that support benefits for those clients that are self-funded. This includes insurance carriers, claim administrators, provider networks, managed care entities, contribution strategy/design and stop loss reinsurance coverage as needed. We are experts in this area and will work with our clients to tailor the program that best meets their personal needs.

Exhibits II and III include copies of our biographies and clients listings, respectively. For historical information about our organization, please visit website [www.aquariuscapital.com](http://www.aquariuscapital.com) and see section "Aquarius in the News." This will include published material, speaking engagements and other landmark events for our organization.

### **MANAGED CARE COMPANIES, DISEASE MANAGEMENT & HEALTHCARE PROVIDERS**

In addition to employee and retiree benefits consulting, we provide a wide range of services to insurance companies, HMOs, hospitals, managed care organizations, reinsurers, investment banking organizations and venture capital organizations. Managed care companies would include all types of entities including IPAs, PHOs, MSOs, PPOs, utilization review firms, post acute care management, managed care carve-outs, disease management and tertiary care plans. We have surveyed health plans and managed care companies in the market place and the areas of greatest need are as follows:

- Ability to further reduce claim cost (e.g., catastrophic claims network, post acute services, audits, recontracting).
- Access to financial or capital solutions to address local regulatory requirements for Risk-Based Capital (RBC) and risk retention as well as financial assessment & solutions of risk partners (*reinsurance solutions*).
- Actuarial expertise & analysis to assist in evaluating pricing, network contracts, underwriting, reinsurance management and overall financial results/performance (e.g., ROI analysis).
- Ability to maintain and grow market share through new product development and service area expansion (e.g., *develop stop loss product for ASO business, Medicare*).
- New Business Development and Introductions to Strategic Partners

We have significant expertise in providing solutions to these problems as well as dealing with other challenges facing health plans and disease management companies, and we have structured our organization to meet the expectations of our clients. We offer these companies the expertise and products to address client needs in finance, risk management, actuarial services and product development. For additional information about Aquarius Capital, please visit our website [www.aquariuscapital.com](http://www.aquariuscapital.com).



## **EXHIBIT II (Continued)**

### **INSURANCE & REINSURANCE COMPANIES**

We provide a wide range of services and expertise to insurance companies, reinsurers, investment bankers, venture capital firms, and financial institutions. These organizations face many opportunities and challenges as they expand their business plans in the life, accident and health insurance fields. Areas of interest for these companies include:

- *New Product Development* - Develop various insurance and financial products to complement existing portfolios and partnerships.
- *Evaluations* - Evaluate insurance and benefits for clients' transactions, mergers & acquisitions, joint ventures and ongoing agreements.
- *Rehabilitations* - Provide services to clients with non-performing blocks of business.
- *Run-out Management* - Provide run-out management services for closed blocks of business.

The market place has an increasing need for these specialized services and we have structured our organization to provide expertise and customized solutions in this area. The services that we offer include the following:

- *Actuarial Services* - pricing, reserve valuation, data analysis, & provider contract analysis.
- *Facultative Underwriting & Risk Assessment*
- *Risk Management & Reinsurance* - Risk-Based Capital (RBC) review and reinsurance solutions.
- *New Business Development & Brokering*
- *Brokering* - Retail (Direct) and Wholesale (Reinsurance & Portfolio Acquisitions/Sales)
- *Claims Management Oversight*
- *Network Contracting & Vendor Selection* - assist clients in cost containment solutions through network partnerships, disease management carve-outs and third party vendors.
- *Audits* - compliance reviews and due diligence evaluations
- *Product Development* - new products, expansion, compliance, forecasts and rate filing support.
- *Carrier & Reinsurance Partner Selection*
- *Finance* - review of reporting, product line accounting analysis, and revenue reviews.

### **INVESTMENT BANKING, PRIVATE EQUITY AND FINANCIAL INSTITUTIONS**

We provide a wide range of services and expertise to investment bankers, venture capital firms, asset managers, hedge funds and financial institutions interested in the life, accident and health insurance market. We have seen an increased interest in the life insurance, life settlement and secondary insurance market and we provide our clients with the following services:

- *Actuarial Evaluations* - Includes assessments and financial modeling of portfolios, underwriting box development and return on investment calculations.
- *Facultative Underwriting & Oversight* - Includes evaluation of special or non-traditional risks as well as providing retrospective underwriting support. We will also provide the client with expertise to develop and evaluate underwriting guidelines used for managing the business.
- *Insurance Partner Selection* - Assist client in evaluating, obtaining and selecting distribution and administrative partners.



## **EXHIBIT II (Continued)**

- **Fiduciary Consulting** – Provide consulting services and oversight management for investors and funders of portfolios, both due diligence and post acquisition management.
- **New Business Development** - Provide access to various insurance and financial products to complement existing portfolios and partnerships as well as be a strategic source for new business development, both individual policies and portfolios.
- **Compliance Audits** - Provide compliance and audits of various insurance partnerships including internal controls and reporting.
- **Product Analysis** -- Includes assisting clients with achieving a strategy for effective debt rating, securitizing portfolios, life settlements, and risk management.
- **Reinsurance Risk Management** – Actuarial, underwriting and reinsurance brokering services.
- **Rehabilitations** - Provide rehabilitation services to clients with non-performing portfolios.
- **Run-out Management** - Provide run-out management services for closed blocks of business.
- **Mergers & Acquisitions** -- Evaluation of partners for due diligence and implementation.
- **Expert Witness** - Provide consulting assistance for litigious cases.

We also provide additional services to clients interested in mergers & acquisitions. For insurance organizations considering a merger, acquisition or related transaction, we provide clients with expertise and knowledge involved to successfully accomplish acquisitions in today's climate. Our primary focus on the insurance industry allows us to identify a variety of transaction partners who could provide a strategic, financial and cultural fit for our clients. Some of the services that we can provide include due diligence reviews, feasibility studies, financial forecasts, strategic planning, market research, liability buyouts and capital acquisition.

For additional information about Aquarius Capital, please visit our website [www.aquariuscapital.com](http://www.aquariuscapital.com).

### **INSURANCE REGULATORS & RATING AGENCIES**

Our management team has experience in reviewing insurance companies, reinsurers, HMOs and managed care carve-out companies that assume risk.

- **Rate Filing Reviews** – Provide review of rate filings for life and health insurance products for both the group and individual product lines. Experienced with Commercial, Medicaid, Medicare and other product lines. This could include new filings and renewal submissions.
- **Reserve Reviews** – Provide review and certifications for various life and health insurance product lines.
- **Reinsurance** – Review of reinsurance agreements including contractual terms, financial security and financial terms. This would also include retrocession agreements.
- **Capitation Arrangements** – For managed care companies assuming risk or HMOs ceding risk, we can also do financial reviews of the provider groups involved in capitation arrangements and other risk sharing vehicles.
- **Financial Modeling and Risk Based Capital** – Our organization can provide a review of insurance company, reinsurer and HMO filings including proformas and capital calculations. This would also include third party capitated vendors.
- **Healthcare Reform** – Provide guidance to companies on healthcare reform including financial implications and modeling.



## AQUARIUS CAPITAL

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### EXHIBIT II (Continued)

- Review of Mergers & Acquisitions – Assist in review of mergers & acquisitions and impact on financials of both organizations.
- Rehabilitation & Runout Management – For organizations with unfavorable financial status, we can review and provide consultative services to improve the financial proforma of the organization or alternatively work to help an insurance regulatory and company runoff a company.
- Expert Witness – Provide consulting assistance for litigious cases.

For additional information about Aquarius Capital, please visit our website [www.aquariuscapital.com](http://www.aquariuscapital.com).

### INDUSTRY CREDENTIALS & RECOGNITION

In addition to being credentialed as actuaries, our firm is licensed as insurance brokers, managing general underwriters and reinsurance intermediaries, so we can assist the various employers in strategic planning of benefits to provide additional creative solutions for this post employment liability. No other actuarial consulting firm has all of these licenses or can claim to provide the level of expertise of our organization, and specifically the account team that would be assigned to your organization. Furthermore, work will not be done by any entry level employees and solely done by highly experienced personnel (average of 20 years of relevant experience).

Michael Frank, President of Aquarius Capital, was elected as Chairperson for Continuing Education for the Actuarial Society of Greater New York (ASNY) for 2007 to 2009. He was recently elected President of the Actuarial Society of Greater New York (ASNY) and will serve as President Elect in 2010 and President in 2011. ASNY is the largest actuarial club in the world and serves more than 3,000 actuaries in the New York, Connecticut, and New Jersey, and also has participants from the Delaware, Maryland, Massachusetts and Pennsylvania market places. Members of the organization include actuaries from consulting firms, insurance companies and regulatory agencies (e.g., insurance departments).

Michael is also elected to the Society of Actuaries Entrepreneurial Section Council and elected as the lone health care representative for the Society of Actuaries Reinsurance Section Council. He is also a member of the American Academy of Actuaries Healthcare Reform Task Force and the Conference of Consulting Actuaries Healthcare Reform Task Force.

### PROFESSIONAL ORGANIZATIONS

Aquarius Capital is involved with many professional organizations in the insurance, financial and health care industries. Below is a list of some of the organizations that Aquarius Capital is an active member.

- Society of Actuaries (SOA)
- American Academy of Actuaries (AAA)
- Conference of Consulting Actuaries (CCA)
- CFA Institute
- The Hartford Society of Financial Analysts



**EXHIBIT II (Continued)**

- International Conference of Consulting Actuaries (ICCA)
- International Actuarial Association (IAA)
- American College of Healthcare Executives (ACHE)
- Actuarial Society of Greater New York (ASNY)
- Hartford CT/Springfield MA Actuarial Club
- Licensed life, accident and health broker (25 states)
- Licensed reinsurance intermediary
- Licensed managing general underwriter
- Listed Arbitrator for Reinsurance Association of America (RAA)
- Association for Healthcare Risk Management of New York (AHRM)
- American Special Risk Association (ASRA)
- American Association for Long Term Care Insurance (AALTCI)
- New York State Association of School Business Officials (NYSASBO)
- National Association of Housing and Redevelopment Officials (NAHRO)
- Westchester County Association (WCA)
- Blue Ribbon Task Force for New York Healthcare Reform
- Member, Suffolk Association of School Business Officials

Exhibits II and III include copies of our biographies and clients listings, respectively. For historical information about our organization, please visit website [www.aquariuscapital.com](http://www.aquariuscapital.com) and see section "Aquarius in the News." This will include published material, speaking engagements and other landmark events for our organization.



## **EXHIBIT III**

### **Biography for Michael L. Frank, ASA, FCA, MAAA, MIAA, CFE President & Actuary, Aquarius Capital**

Michael Frank is the founder and president of Aquarius Capital. He is a health, accident and life actuary with twenty five (25) years of experience, including executive management experience with insurance, reinsurance, employee benefits consulting and managed care entities. He provides financial and management consulting to various organizations including insurance companies, investment bankers, reinsurers, HMOs, managed care organizations, hospitals, disease management, third-party administrators, accounting firms, private equity funds, Fortune 500 companies and other organizations servicing the insurance/reinsurance industry in the US and internationally.

Highlights of his experience include:

- Serves as the appointed actuary for various insurance, HMOs and reinsurance companies in the life, accident & health insurance industry (e.g., he serves as appointed actuary for two Berkshire Hathaway insurance companies).
- Consulted more than eighty (80) financial institutions including investment bankers, private equity firms, hedge funds, asset managers and research organizations as a consultant for Gerson Lehrman Group for both US and international business ventures.
- Managed more than \$4 billion in reinsurance premium as a reinsurer and risk manager.
- Consulted more than 500 municipalities including towns, cities, school districts, and housing authorities.

He is also active in industry public service including:

- Appointed an adjunct professor for Columbia University's Masters of Science Program.
- Participates on various NAIC and actuarial industry task forces, including workgroups for reserving, Medicare, healthcare reform, reinsurance, and HMO Risk-Based Capital. For example, he serves on both the American Academy of Actuaries and Conference of Consulting Actuaries healthcare reform task forces.
- Elected President of the Actuarial Society of Greater New York (ASNY) in 2011. Previously served as Chairperson for Continuing Education for three years.
- Elected to the Society of Actuaries Reinsurance Section Council (2008 to 2010) and plays a crucial role in developing reinsurance seminars and training for life and health actuaries in risk management as well as insurance regulators (e.g., Society of Actuaries LEARN Program).
- Volunteer for the Caribbean Actuarial Association providing peer review of their actuarial standards of practice.
- Advisory Board member of VolunTravel, a non-for-profit organization bringing volunteers to teach and train individuals in developing countries.
- Elected to Society of Actuaries Section Councils for Actuary of the Future and Entrepreneurial Actuaries.
- Licensed life, accident & health broker (25 states), plus licensed reinsurance intermediary and other designations.

Michael is credentialed with the following professional organizations:

- Associate, Society of Actuaries (SOA)
- Member, American Academy of Actuaries
- Fellow, Conference of Consulting Actuaries
- Associate, International Conference of Consulting Actuaries
- Member, International Actuarial Association



### **EXHIBIT III (Continued)**

- Member, Actuarial Society of Greater New York (ASNY)
- Elected President, ASNY (President Elect 2010, President 2011)
- Elected Chairperson of Continuing Education & Member of Executive Committee for ASNY (2007-09)
- Retired, Elected Council Member for Society of Actuaries - Reinsurance Council
- Retired, Elected Council Member for Society of Actuaries - Actuary of the Future Council
- Retired, Elected Council Member for Society of Actuaries - Entrepreneurial Actuarial Sections Council
- Associate, American College of Healthcare Executives (ACHE)
- Licensed life, accident and health broker (25 states)
- Licensed reinsurance intermediary
- Licensed managing general underwriter
- Listed Arbitrator for Reinsurance Association of America (RAA)
- Member, Association for Healthcare Risk Management of New York (AHRM)
- Member, American Special Risk Association (ASRA)
- Member, American Association for Long Term Care Insurance (AALTCI)
- Business Associate, New York State Association of School Business Officials (NYSASBO)
- Member, Westchester County Association (WCA)
- Member, Blue Ribbon Task Force for New York Healthcare Reform
- New York State Association of School Business Officials (NYSASBO)
- Business Associate, National Association of Housing and Redevelopment Officials (NAHRO)
- Member, Suffolk Association of School Business Officials
- Consultant, Gerson Lehman Group (2004 to Current)
- Member, Advisory Board for VohnTravel

Prior to forming Aquarius Capital, Michael was with the following organizations:

- *Vice President & Chief Actuary* — Transamerica Reinsurance, Accident & Health Division in CT. Position was a CFO role for the division overseeing actuarial, claims/medical management & provider contracting.
- *Sr. Vice President & Chief Actuary* — Management Facilities Corporation, a managing general underwriter based in CT and NJ, which was later acquired by Transamerica Reinsurance.
- *Director of Finance & Chief Actuary* — Physicians Health Services, an HMO in CT, NY and NJ, which was later acquired by HealthNet.
- *Consultant & Senior Health Actuary* — The Segal Company, a national insurance consulting and employee benefits firm located in NY. He was chief health actuary for NY office (home office).
- *Consultant & Actuary* — Coopers & Lybrand, a national insurance consulting and employee benefits firm working in the NY and TX (Dallas & Houston) offices.
- *Actuarial Executive Development Program* — Prudential Life Insurance Company in NJ in Corporate Underwriting and Taxation Departments.

Michael is originally from the New York metropolitan area and graduated from the University of Michigan at Ann Arbor with a Bachelor of Science in Mathematics and Statistics. He is married with four children and resides in Port Chester, NY. If you wish to contact him, please call (914) 933-0063 or e-mail [michael.frank@aquariuscapital.com](mailto:michael.frank@aquariuscapital.com). For additional information, visit website [www.aquariuscapital.com](http://www.aquariuscapital.com).

For additional information about our organization, please see website [www.aquariuscapital.com](http://www.aquariuscapital.com). Copies of published material, speaking engagements and other landmark events for our organization will be included on our company website under "Aquarius in the News".





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### **EXHIBIT III (Continued)**

#### **Biography of Donald J. Rusconi, CFA Vice President, Aquarius Capital**

Donald Rusconi is co-owner and vice president of Aquarius Capital. Donald has executive management experience in the publicly traded and privately held insurance and managed care organizations. He also has experience as a financial analyst in the commercial banking sector.

Donald provides our clients with a unique expertise combining his experience in the financial and actuarial field from the insurance industry with financial analysis from the commercial banking sector. He has provided CEOs and CFOs of his clients as well as his own organizations with expertise in the financial analysis and modeling disciplines.

Donald has also worked with the outside investment banking community in establishing earnings forecasts and developing strategic plans. He has experience in assessing outside insurance organizations and joint ventures, and evaluating whether his company should invest resource and capital into them. He also has experience in mergers & acquisitions including several by his own organizations. Donald is also a guest speaker for various industry conferences and has presented at national conferences on healthcare reform. He is also appointed as an adjunct professor for Columbia University's Masters of Science Program.

Donald holds the Chartered Financial Analyst (CFA<sup>®</sup>) designation and is a member of the following professional organizations:

- CFA Institute
- The Hartford Society of Financial Analysts
- American College of Healthcare Executives (ACHE)
- Member, Actuarial Society of Greater New York (ASNY)

Prior to joining Aquarius Capital, Donald held positions with the following organizations:

- *Vice President, Financial Management* - Transamerica Reinsurance, Accident & Health Division in Connecticut.
- *Vice President* - Management Facilities Corporation, a managing general underwriter based in Connecticut and New Jersey.
- *Director, Actuarial and Financial Services* - Physicians Health Services, an HMO operating in Connecticut, New York, and New Jersey.
- *Underwriter* - Blue Cross and Blue Shield of Connecticut.
- *Commercial Credit Analyst* - Bay Bank & Trust Company located in Florida.

Donald is from Connecticut and graduated from Springfield College in Springfield Massachusetts with a Bachelor of Science in Business Administration. He is married with three children. If you wish to contact him, please call him at (203) 458-1495 or e-mail at [donald.rusconi@aquariuscapital.com](mailto:donald.rusconi@aquariuscapital.com).

For additional information about our organization, please see website [www.aquariuscapital.com](http://www.aquariuscapital.com). Copies of published material, speaking engagements and other landmark events for our organization will be included on our company website under "Aquarius in the News".



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## **EXHIBIT IV**

### **List of Aquarius Clients**

|  |  |
|--|--|
| Advanced Disposal Services                       | City of Albany                               |
| A.J. Gallagher & Company (Apex)                  | City of Daytona Beach                        |
| Aetna  | City of East Orange                          |
| AIG (Chartis)                                    | City of Hackensack                           |
| Albany Housing Authority                         | City of Oneonta Housing Authority            |
| Alliant Insurance                                | City of Oneida                               |
| American Arbitration Association                 | City of Peekskill                            |
| American Medical & Life Insurance Company        | City of Pittsfield                           |
| American Veterans (AMVETS)                       | City of Rochester                            |
| AMWINS (NEBCO)                                   | City of Worcester                            |
| Ardley Union Free School District                | City of Yonkers                              |
| Arlington Central Schools                        | City School District of New Rochelle         |
| Asbury Park Housing Authority                    | Cliffside Park Housing Authority             |
| ATC Healthcare                                   | CMSEC  |
| Bayonne Housing Authority                        | Cohen & Steers Capital Management            |
| Beacon City Housing Authority                    | Cohoes Housing Authority                     |
| Beacon City School District                      | Coleman Research Group                       |
| Beccher Carlson                                  | Conner Strong                                |
| Benistar (Benefit Plan Advisors)                 | Cornerstone Benefits                         |
| Bergen County Utilities Authority (BCUA)         | Corporate Loss Prevention Association (CLPA) |
| Berkshire Hathaway Group                         | Cortland Housing Authority                   |
| Blue Cross Blue Shield of Vermont                | County of Albany                             |
| Bluefinch Corporation/Capital H Group            | County of Herkimer                           |
| Borough of Avalon                                | County of Nassau                             |
| Bridgeton Housing Authority                      | County of Orange                             |
| Bronxville Union Free School District            | County of Rockdale                           |
| Bulldog Studios                                  | Delaware River Port Authority                |
| Calcasieu Parish Police Jury                     | Dental Pay Plus                              |
| Capital District Physicians' Health Plan (CDPHP) | Dentcare Delivery Systems                    |
| Capstone Consulting                              | District Council 37, AFSCME and Local 924    |
| Care to Care                                     | Diversified                                  |
| CareCentrix                                      | Dobbs Ferry Union Free School District       |
| CareGuide (CCS/Patient Info Systems)             | Doral Dental                                 |
| CBCA   | Dover Housing Authority                      |
| Central MA Special Education Collaborative       | DRB Insurance Fund                           |
| Centre Insurance Company                         | Dutchess County BOCES (12 School Districts)  |
| Chappaqua Central School District                | East Orange Housing Authority                |



**AQUARIUS  
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## **EXHIBIT IV (Continued)**

### **List of Aquarius Clients**

|  |   |
|--|---|
| East Williston Union Free School District      | HealthSmart   |
| Edgemont Union Free School District            | Herkimer Housing Authority                          |
| Edgewater Housing Authority                    | Hewlett-Woodmere Union Free School District         |
| Elizabeth Housing Authority                    | Highland Park Housing Authority                     |
| Ellenville Housing Authority                   | Highmark Life & Casualty (HM Insurance Co.)         |
| Englewood Housing Authority                    | Hooker & Holcombe                                   |
| Equinox Management Group                       | Huntington Housing Authority                        |
| Everest Dental Management                      | Imagine Re  |
| Fire District Town of Eastchester              | Insurative  |
| Frank Crystal & Company                        | Integra Health                                      |
| Freeport Housing Authority                     | Island Park Union Free School District              |
| Garden City Union Free School District         | Jersey City Housing Authority                       |
| Garfield Housing Authority                     | Kingston Housing Authority                          |
| Gentiva Health Services                        | Kurcias, Jaffe and Company LLP                      |
| Gerson Lehman Group (GLG)*                     | Lazar & Company                                     |
| Gettysburg Health Administrators               | Lenox Hill Hospital (Northshore/LIH)                |
| Glen Cove Housing Authority                    | Linden Housing Authority                            |
| Gloucester County                              | Little Falls Housing Authority                      |
| Gloversville Housing Authority                 | Long Branch Housing Authority                       |
| Goldman Sachs                                  | Loving Care Agency/Links2Care                       |
| Grasil Inc. (The Fraud Institute)              | Luxottica Group/Avant Garde                         |
| Great Neck Housing Authority                   | Lynbrook Union Free School District                 |
| Greater New York Seventh Day Adventist Schools | Madison Housing Authority                           |
| Greenburgh Housing Authority                   | Mamaroneck Union Free School District               |
| Guttenberg Housing Authority                   | Managed HR Solutions/Capital H Group                |
| Hackensack Housing Authority                   | McKean County Redevelopment & Housing Authority     |
| Hannover Life Reassurance Company              | MEDACorp  |
| Harrison Housing Authority                     | Medco Health Solutions                              |
| Hartford Insurance Company                     | Metropolitan Medical Transportation IPA             |
| HealthChoice                                   | Millville Housing Authority                         |
| HealthFirst                                    | Monticello Housing Authority                        |
| HealthNet of the Northeast                     | Morris Passaic Bergen (MPB) Board of Education      |
| Healthpath Consulting Group                    | Mt. Kisco Housing Authority                         |
| Healthplex                                     | Municipal Housing Authority for the City of Yonkers |
| HealthPlus                                     | National Benefit Administrators                     |

\*Note: Aquarius consulted more than eighty (80) private equity, investment bankers and hedge funds for GLG.



**AQUARIUS  
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## **EXHIBIT IV (Continued)**

### **List of Aquarius Clients**

|  |  |
|--|--|
| National Benefit Administrators                        | Rochester City School District                       |
| National Seating & Mobility                            | Rhinebeck Central School District                    |
| Naugatuck Board of Education                           | Rome Housing Authority                               |
| New Brunswick Housing Authority                        | Round Table Group                                    |
| New Hyde Park-Garden City Park U.F.S.D.                | RSM McGladrey  |
| North Jersey District Water Supply Commission          | Salem Housing Authority                              |
| New Jersey Schools Development Authority               | Saratoga Springs Housing Authority                   |
| New Rochelle Library                                   | SCHC Total Care                                      |
| New York Firefighters (Barasch McGarry)                | Scotch Plains-Fanwood Public Schools                 |
| Newburgh Housing Authority                             | Scott & White Health Plan                            |
| Newton Housing Authority                               | Secaucus Housing Authority                           |
| North Bergen Municipal Utilities Association (NBMUA)   | Secaucus Municipal Utilities Authority               |
| North Tarrytown Housing Authority                      | Sewanhaka Central High School District               |
| Nyack Housing Authority                                | Sleep Management Solutions                           |
| Occupancy Services Specialists                         | South Amboy Housing Authority                        |
| Orange Housing Authority                               | South Orangetown Central School District             |
| Pacificare (HCP National)                              | Spackenkill Union Free School District               |
| Passaic Housing Authority                              | Spring Consulting Group                              |
| Peekskill Housing Authority                            | Spring Valley Housing Authority                      |
| Perth Amboy Housing Authority                          | Summit Housing Authority                             |
| Pegasus Health Care/Health Choice                      | Tarrytown Municipal Housing Authority                |
| Phillipsburg Housing Authority                         | The Benefit Practice                                 |
| Pine Plains Central School District                    | Tophaat Holdings (Atlantic American Health Ins. Co.) |
| Plainfield Asset Management/Stone International        | Town & Board of Education of Merrimack               |
| Plainfield Housing Authority                           | Town of Coventry                                     |
| PMPM   | Town of Fishkill                                     |
| Port Chester Housing Authority                         | Town of Hudson                                       |
| Port Chester Rye Union Free School District            | Town of Lakeville                                    |
| Port Jervis Housing Authority                          | Town of Oyster Bay Housing Authority                 |
| Pottsville Housing Authority                           | Town of Rye  |
| Poughkeepsie City School District                      | Town of Saugus                                       |
| Princeton Housing Authority                            | Town of Wallkill                                     |
| Prospector Partners                                    | Town of Westborough                                  |
| Putnam/Northern Westchester Health Benefits Consortium | Town of West Bridgewater                             |
| Red Bank Housing Authority                             | Town of West Springfield                             |
| Red Hook Central School District                       | Township of Bloomfield                               |
| Regional School District No. 6                         | Township of Parsippany - Troy Hills                  |



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## **EXHIBIT IV (Continued)**

### **List of Aquarius Clients**

Township of Toms River  
Township of West Orange  
Trek Holdings  
Tuckahoe Housing Authority  
Urban Dental Management  
University of Washington  
USI  
Village of Briarcliff Manor  
Village of Great Neck Housing Authority  
Village of Hempstead Housing Authority  
Village of Sangerties  
Village of Westhampton Beach  
Wappingers Central School District  
Watervliet Housing Authority

Webster Financial Group (USI)  
Weehawken Housing Authority  
West Hempstead Union Free School District  
West New York Housing Authority  
Western Regional Insurance Company  
White Mountain Re (Folksamerica Insurance Company)  
White Plains City School District  
White Plains Housing Authority  
Woodbridge Housing Authority  
Woodridge Housing Authority  
Wormser, Kiely, Galef & Jacobs LLP  
WR Berkley (Berkley A&H)  
Yonkers Public School  
Zurich Insurance Company



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## **EXHIBIT V**

### **List of Insurance Carrier Appointments**

Aetna  
AFLAC  
AIG  
Agent Support Group  
Allstate  
American Fidelity  
American Medical & Life  
Anthem Blue Cross/Blue Shield  
Avesis  
BCS  
Benefitport  
Blue Cross/Blue Shield  
CDPHP  
Centre Life  
Chubb  
Cigna  
CNA  
Colonial  
Comp Benefits (Humana Specialty Benefits)  
Continental American Insurance Company  
Coventry Health  
Delta Dental  
Emblem Health (GHI, HIP & Vytra)  
Empire Blue Cross Blue Shield (Anthem)  
Excellus Blue Cross Blue Shield  
Fairmont Specialty  
Fidelity Security Life  
First Ameritas  
First Rehabilitation  
FNA Insurance  
Fort Dearborn Life  
Fringe Benefit Group  
Gerber Life

Guardian  
HealthNet  
Health Plan One  
Highmark (HM)  
Horizon Blue Cross/Blue Shield of NJ  
Humana  
ING/Reliastar  
Indianapolis Life  
Liberty Mutual  
Lincoln Financial/Jefferson Pilot  
Magellan Health Services  
Mass Mutual  
Massachusetts Connector Plan  
Metropolitan Life  
MVP Health Plan  
Oxford Health Plans  
Pan American Life  
Penn Treaty  
PrePaid Legal Services  
Principal Financial Group  
Professional Group Plans  
Prudential  
Spectera (United Healthcare Specialty Benefits)  
Standard Security  
Sun Life  
Trustmark  
United Healthcare  
Union Central  
UNUM/Provident Life  
US Life  
Vision Service Plan  
William Penn

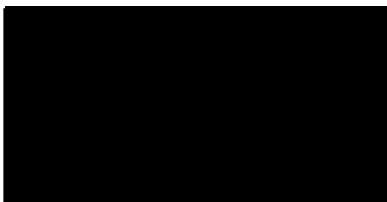
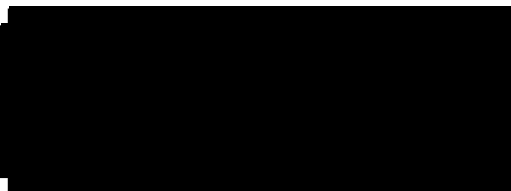
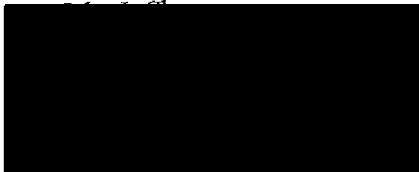
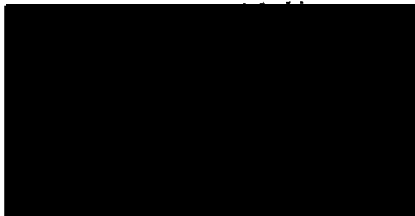
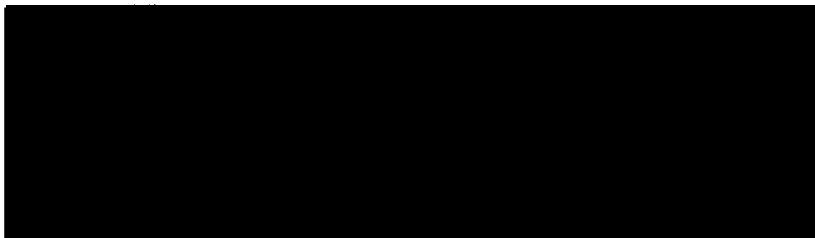


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**EXHIBIT VI**  
***(PLEASE KEEP THIS EXHIBIT CONFIDENTIAL)***

**References for Aquarius Capital**





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**EXHIBIT VI (Continued)**  
**(PLEASE KEEP THIS EXHIBIT CONFIDENTIAL)**

**References for Aquarius Capital - Continued**





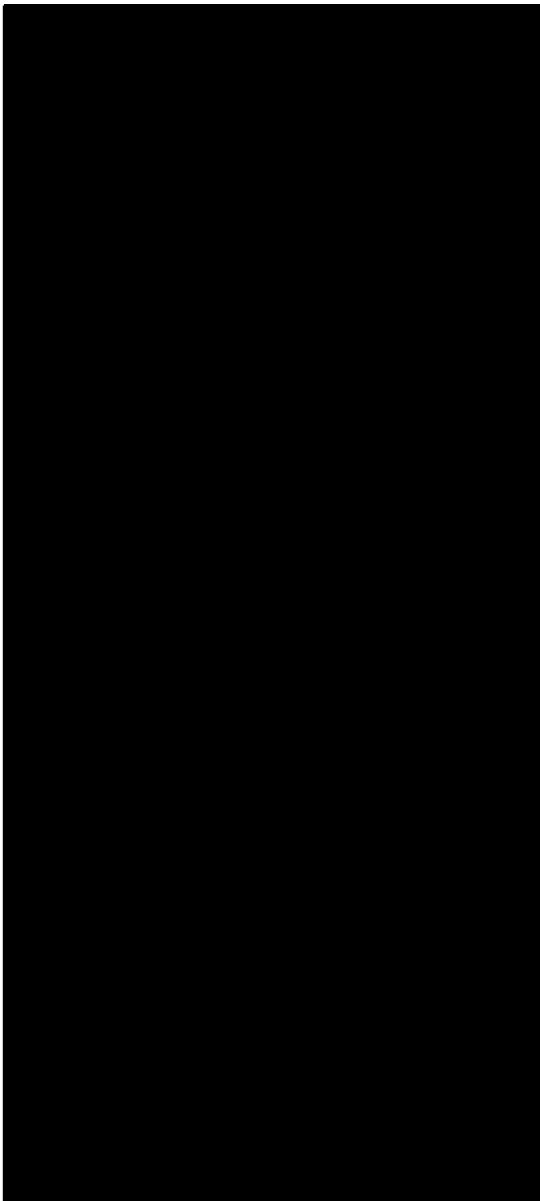


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**EXHIBIT VI (Continued)**  
**(PLEASE KEEP THIS EXHIBIT CONFIDENTIAL)**

**References for Aquarius Capital - Continued**





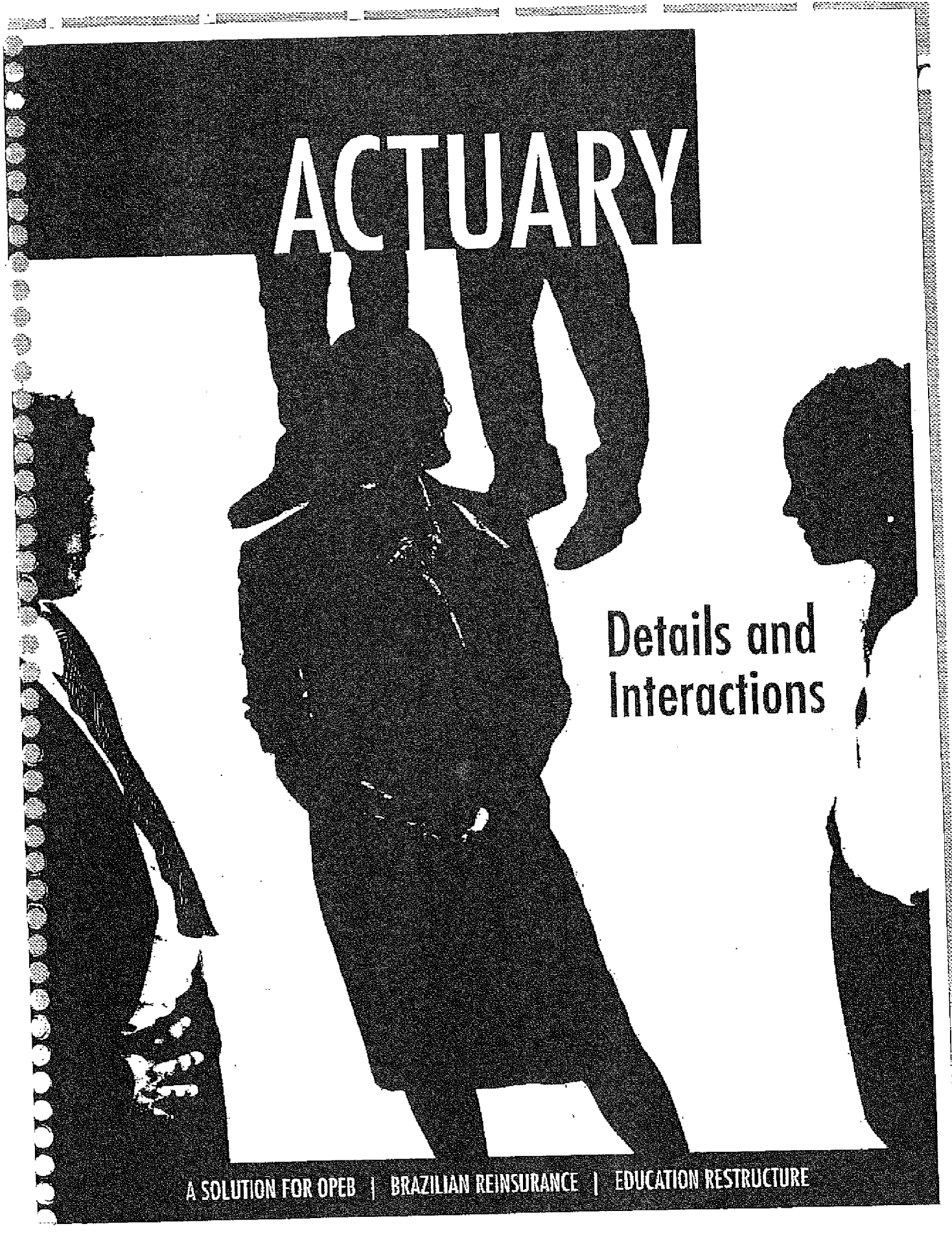
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## **EXHIBIT VII**

### **COPY OF ARTICLE PUBLISHED WITH SOCIETY OF ACTUARIES ON MANAGING COSTS OF GOVERNMENT HEALTH PLANS**

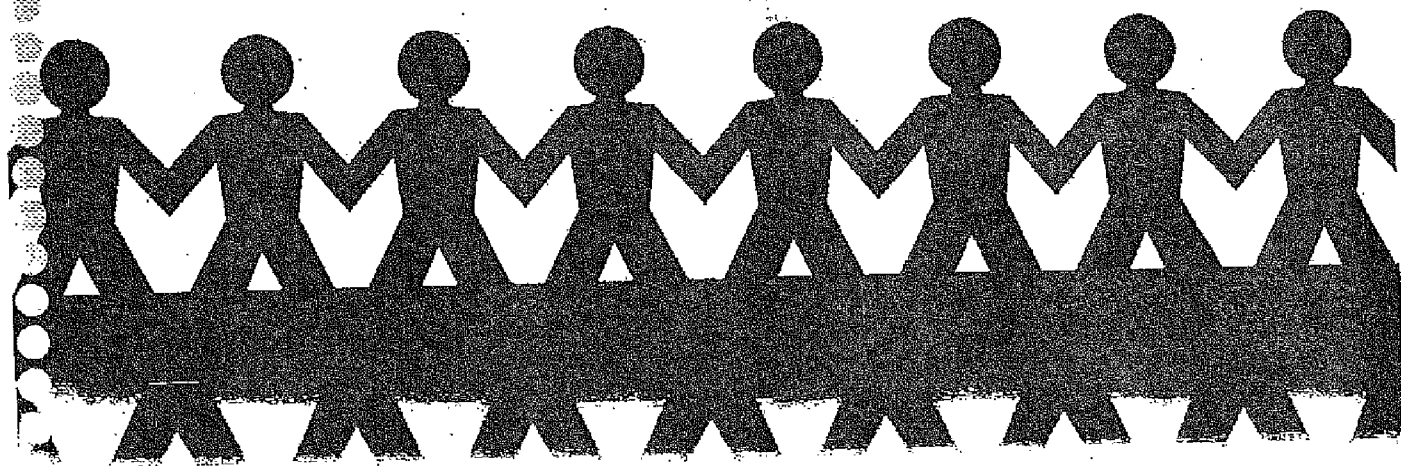
# ACTUARY



**Details and  
Interactions**

**A SOLUTION FOR OPEB | BRAZILIAN REINSURANCE | EDUCATION RESTRUCTURE**

# SOLUTION



Post retirement benefits are a great concern for many public entities. Actuaries, with their valuing skills, are in a perfect position to help these entities find the answers they seek.

BY MICHAEL L. FRANK

With municipalities, school districts, state/local governments and other public entities dealing with the day-to-day struggles of managing their business, OPEB, which stands for Other Post Employment Benefits, is becoming an increasingly important issue to address. OPEB deals with the promise of providing coverage for post employment non-pension benefits such as health care and life insurance. This obligation is maybe a trillion dollars in this country, but yet has been relatively ignored. Actuaries will be needed to value this liability and may also provide services (e.g., consulting, products) to address this issue.

With the recent implementation of Government Accounting Standards Board (GASB) No. 43 and 45, public entities are now forced to value and recognize that this obligation exists, a challenge and political nightmare from entities that are dealing with other challenges in their local community. If you are in a community experiencing rising property taxes and raising of school district construction bonds to pay for upgrade of your schools, then the thought of your school district or local government having to recognize an obligation of tens to hundreds of millions is horrifying. This will most likely be the largest liability that your local government and school district has to deal with.

Most public entities offer retiree medical coverage and have been doing so for years. This obligation is not a new issue, since traditionally large single employers have been recognizing OPEB under Financial Accounting Standards Board Statement No. 106 (FAS 106). Public entities will have to deal with the communication of this liability to their local communities and explain why this number is large. Unfortunately for these entities, this liability has always been there, but now they are faced with the communication of this issue for the first time and the political ramifications of communicating on their watch.

#### When Will This Happen?

Over the next three years, public entities will be valuing and recording these liabilities since they will be required to do so under GASB. They will be hiring actuarial consulting

firms to do these calculations to determine how big the liabilities and overall obligations will be. Entities with revenue of more than \$100 million will be recognizing first, while entities with revenue under \$10 million will be required to recognize these obligations by the third and final year of required implementation.

The debt market and rating agencies are keenly aware of this issue and are requiring these items to be valued for entities that are applying for debt instruments. Public entities should not be surprised when applying for a bond that they will be required to disclose the amount of liabilities under GASB 43 and 45.

The first step to solving the problem is recognizing the problem. This includes valuing what the liability and obli-

**"A public entity that spends \$5 million a year in retiree benefits may have a liability more like \$50 million to \$100 million."**

gations are associated with these post employment benefits (e.g., retiree medical, etc.). Administrators, politicians and public entities are going to have to accept, whether they like it or not, that this is an issue.

America is aware of the health care issues today with increasing costs for health care with individual coverage potentially more than \$4,000 per year and family coverage greater than \$12,000 per year. These costs may be much greater for pre-65 retirees and their dependents. With inflation (health care cost inflation or trend) growing in double digits, this complicates things further since future costs will be significantly greater than current cost.

#### What Has Been Traditionally Done With OPEB?

For the traditional public entity, these costs have been valued on a pay-as-you-go basis, recognizing and budgeting costs as dollars are being spent. Prior to FAS 106, large employers were doing this as well. A pay-as-you-go approach unfortunately does not value the impact of vesting benefits for current active employees that are earning these retirement benefits,

nor is it reflecting the impact of inflation on this benefit. A public entity that spends \$5 million a year in retiree benefits may have a liability more like \$50 million to \$100 million.

This issue is not a completely new issue, since employers in the private sector had to value these benefits in the early to mid 1990s under FAS 106. However, the obligations of those organizations in most cases did not have the same magnitude as anticipated for public entities under GASB 43 and 45. (Most companies that reflected FAS 106 recognized this liability as one of the largest obligations on their balance sheet, so, still an issue for the private sector.)

Under GASB 43 and 45, we need to value benefits for both current retirees (and dependents) as well as future retirees (actives that will potentially retire in the future). Those active employees will generate a significant liability especially if they potentially could retire in their 50s or even in their 40s.

An important thing to know about GASB 43 and 45 is that it establishes standards for accounting and financial reporting. The decision and level of funding is determined by the public entity itself. These public entity employers have to deal with the issues of pre-funding these obligations now or potentially waiting until later. There are no "cookie cutter" solutions for these entities and each one may be very distinct on the solutions.

**"There are no 'cookie cutter' solutions for these entities and each one may be very distinct on the solutions."**

However, in the public sector, benefit eligibility may be much earlier, and individuals will be eligible in their 50s or in some cases 40s. Benefit eligibility may kick in at 20- to 25-years of service and as early as five- to 10-years, regardless of age. This means that we will have individuals receiving retirement benefits 10- to 20-years prior to Medicare kicking in, so the future cost will be significant.

What are the Key Buzz Words in GASB 43 and 45? Some of the key terms are the Annual Required Contribution (ARC) and Unfunded Accrued Liability (UAL). The ARC is the employer's periodic contribution to the defined benefit OPEB plan, which reflects the service (normal) cost for benefits earned during the year plus the amortization of the prior liability earned prior to the initial implementation of GASB 43 and 45.

The ARC is used to determine the expense and liability values that appear on the employer's financial statements for the purposes of GASB 45. This does not refer to actual contribution requirements, but rather to employer's accrual expense for accounting under GASB.

The UAL is the excess of the accrued liability of benefits, which would be the present value of future benefits less future contributions accrued and earned to date, above the assets funded for the plan. In many cases, these asset amounts are zero except in cases whereby entities were required to fund benefits due to collective bargaining purposes. The ARC and UAL are valued by actuaries. However, the most important take away for a reader is that these numbers are material and greater than the costs reported today, which is on a pay-as-you-go basis.

What Benefits Will Need to be Valued?

Retiree benefits to be valued may include medical, dental, vision, prescription drugs, life insurance, long-term care and other benefits. Workers' compensation may not need to be valued if currently valued today under other obligations (GASB No. 10). Benefits that are being accrued (eligibility based on years of service or age) will need to be reflected.

Benefits offered may have multiple options and plan designs including multiple plan designs (e.g., legacy benefit designs from collective bargaining) and multiple retiree contribution rates, which might vary based on hire dates, collective bargaining, or types of member (retiree, dependent, surviving spouse, etc.). Valuations will become more complicated based on the number of benefit offerings and groups to report on (e.g., township government vs. school district vs. other desired groups).

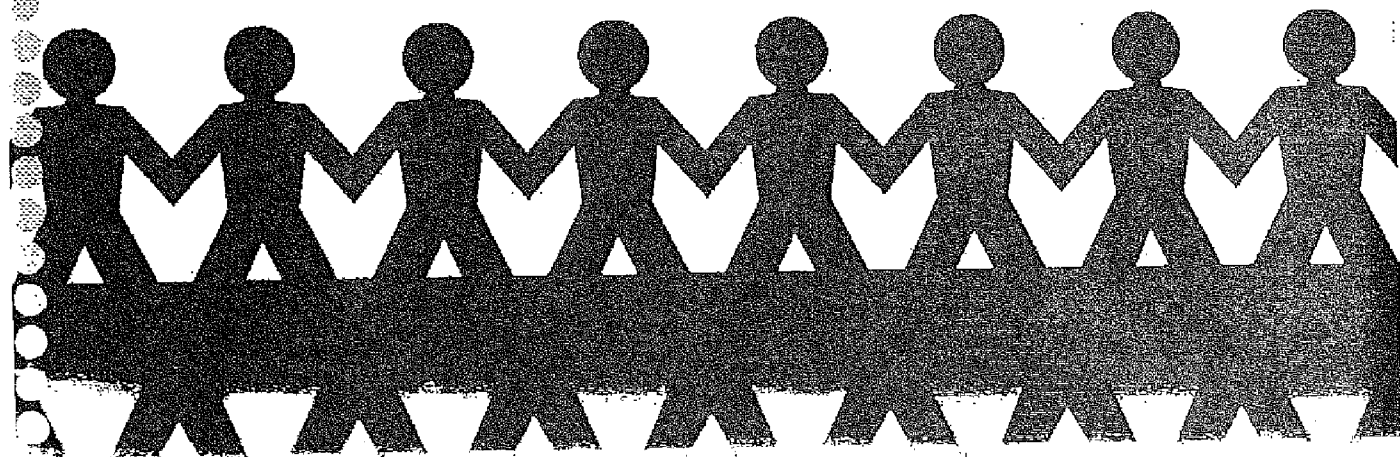
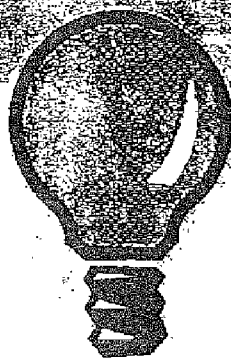
What May Cause Liabilities to Increase Over Time?

There are many reasons why obligations may increase over time. Some examples include:

- Increase in health care costs and inflation (trend) above projections.
- Reduction in discount interest rates meaning more dollars are required today to cover future costs.
- More early retirements meaning more individuals are getting benefits sooner.
- Lower turnover (non-vested) resulting in more individuals working until retirement.
- Mortality improvements resulting in people living longer and collecting more retirement benefits.



What Other Issues Exist in Valuing OPEB?



entity. The average individual (a fixed income retiree in the community, a blue collar worker or anyone else) does not understand that this obligation has always been here, and GASB 43 and 45 is solely the process of recognizing and valuing this obligation. Unfortunately, the perception of this liability is that their government officials and school districts are spending dollars they do not have. Politicians and administrators will need to deal with this issue, since perception will be perceived as reality.

Bond rating agencies are also going to require this so they can understand the debt obligation of the public entity for entities applying for financing. The employer will have to deal with the challenges of recognizing this number and understanding how to "spin" the results. Actuaries will be hired by public entities to value these liabilities. Actuaries will not only be providing the bad news, but will also be needed for developing the solution.

#### Now That We've Identified the Problem, What Do We Do?

Start talking about it with the appropriate parties and develop a strategy. Some organizations have started discussions with employees—in particular during the collective bargaining process. The first concern unions express during collective bargaining is will their retiree benefits be cut, but it becomes much more important than that. Leaving the topic unresolved could result in potential insolvency of the public entity down the road, so the promised benefits might not be there.

Some initial steps to be done for public entities would include getting file documentation in order. This would include locating and clarifying benefit levels including obligations to retirees.

#### What Data is Required to Value These Obligations?

Actuaries can assist with determining this based on the unique benefits of the employer. Some of the information needed by actuaries to value this benefit includes electronic census listing (active and retired employees and dependents), plan design, plan costs (e.g., premium rates, other costs if self-funded), retiree contributions and assets.

In valuing these benefits, actuaries will be making assumptions for benefit costs (pre 65 and post 65 retiree benefits), health care cost inflation (trend) rate, interest discount rate, retirement rates, turnover rates, disability rates, mortality rates, aging assumptions (age/sex fac-

tors), asset return on investments (if any of the entities are funding benefits), salary increases if benefits or funding is based on salary (e.g., life insurance), plan participation percentage (some individuals may opt out) and actuarial cost methods.

#### Now That We Valued Benefits, We Need to Figure Out Solutions to Mitigate This Liability

Some of the approaches taken include:

- Improved efficiency in managing benefits including implementing cost containment measures.
- Competitively shopping of benefits (this might mean looking at new insurance carriers or brokers).
- Potential negotiation of benefit reductions for current and/or future retirees (though in the public sector, elimination of these benefits may not be realistic).
- Improving integration of benefits with Medicare so Medicare benefits are exhausted prior to payment on the public entity's plan.
- Increasing retiree contributions for current and/or future retirees.
- Changing in eligibility requirements for current or more likely future retirees.
- Establishing a special purpose trust like a VEBA may provide flexibility in establishing higher discount rates resulting in lower obligations (one percentage point increase in discount rate could lower liabilities 10- to 15-percent—a big number when dealing with \$100 million plus liabilities).
- Creative financing of benefits.
- Retiree buyouts including selling off the obligations.
- Securitizing of benefits—may be a good financial strategy and may be received positively in the collective bargaining process.
- Consumer driven health plans may have some impact (though I caution the reader to truly understand what this benefit is and how it will be applied since not all consumer driven health plans are a solution for growing medical cost).
- Implementation of a lower-cost option (additional option for retirees) such as a Medicare Advantage plan.
- Development of a defined contribution plan (less popular with public entities though might get some traction with the announcement of material GASB liabilities).
- Other solutions unique to a specific employer (larger insurance companies are spending significant energy to develop a solution for these public entities since the magnitude of dollars and opportunity is significant).



These solutions could be applied to legacy benefits or to current or future benefits. Each solution is unique to each organization. There will be challenges since many of these retiree benefits have not been reviewed or modified in many years so there will be significant hurdles in order to effectively make improvements in these liabilities.

#### Is It Time to Clean Up Documentation Regarding Retiree Benefits?

One critical area that public entity employers need to focus on immediately is evaluating and documenting communications to understand the level of benefits provided and promised including the costs associated with the benefits such as obligations that employers require of retirees (e.g., retiree contribution levels, benefit eligibility requirements, plan design commitments, etc.). Many public entities do not have a central source for all this documentation so the gathering and maintenance of this information will require some time and energy.

#### How Does Collective Bargaining Play in These Benefits?

Those entities that have collective bargaining (many of them have some form of this) will have different levels of benefits based on various criteria including dates of hire, dates of retirement and classes of employees (e.g., hourly, salary, type of union). Knowing the results under GASB 43 and 45 will help public entities address additional focus areas for collective bargaining. All parties involved will need to appreciate the level of obligations and the pros/cons of offering benefits and funding benefits. If a public entity cannot meet its obligation for a benefit, then the parties receiving the promise of a benefit may not really have anything.

Collective bargaining and the negotiations of benefits will be one of the biggest hurdles to manage. To make material changes in retirement benefits, two things may occur. First, public entities might have to give something back in benefits or income to actives. Second, any changes in retirement benefits may only impact future retirees (those not in retirement status today). Benefit changes could be through a reduction in benefits or increase in retiree contribution rates. Some have explored modifying eligibility requirements so that individuals may have to be older in age or completed more years of service or the combination of both in order to reach benefits. This may have a material impact on the liability.

Some public entity employers have implemented solutions to mitigate costs by charging retirees the full cost that an active employee would pay (e.g., 100 percent of active premium rate). This does mitigate some of the exposure, but this, however, may not remove the potential exposure under GASB 43 and 45, especially for pre-65 retirees. The reason for this is that the cost for medical goes up with inflation but also with aging (older people incur more costs traditionally than younger people).

The result of using this strategy might be prudent for cost control, but charging retirees (pre-65 retirees) the

**"Collective bargaining and the negotiations of benefits will be one of the biggest hurdles to manage."**

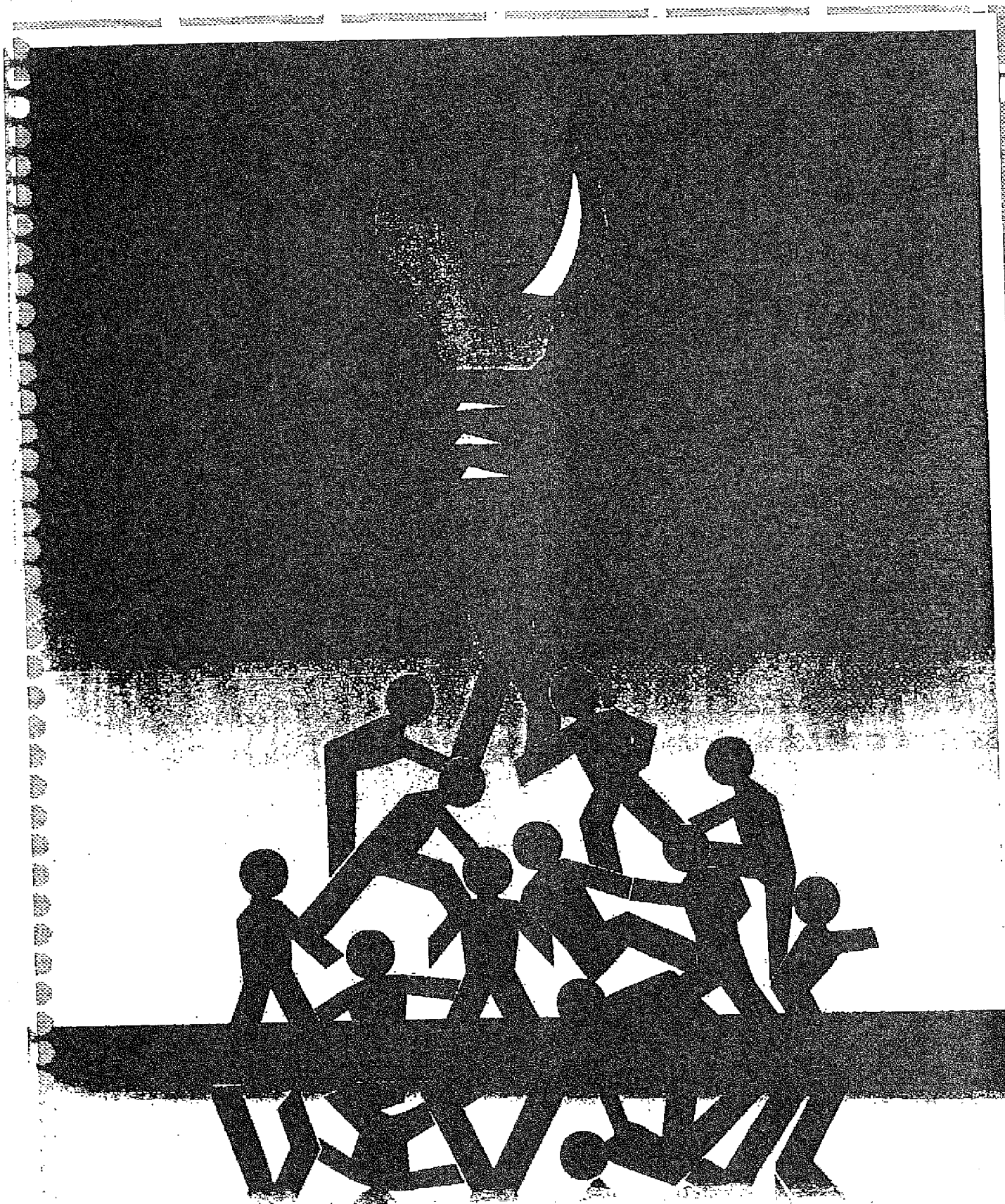
amount equivalent to 100 percent of the active employee rate means that there will be some potential subsidizing of costs (active costs are subsidizing retiree experience). This subsidy would need to be reflected under GASB 43 and 45.

#### How about Medicare Advantage Plans?

Employers are looking at Medicare Advantage (aka Medicare Risk) plans as a potential solution. Since collective bargaining may limit one's ability to reduce benefits, the offering of an additional benefit option might be a potential solution for liability reduction. Medicare Advantage plans may provide richer benefits and potentially a lower cost, so if employers have material participation, then the reduction in liability could be significant. However, making Medicare Advantage a sole or required benefit will be a challenge, but public entities can still offer as an additional option. With proper communication, this benefit could be welcomed and the GASB liability impact could be potentially material without taking any benefits away from the current or future retirees.

#### How Will Defined Contribution Plans Work?

Some employers are exploring introducing a fixed dollar amount benefit with two approaches for managing. The first approach is that retiree contribution rates will be established to manage to the fixed dollar amount, so future health care cost inflation increases are passed along to the retirees. This will have a material impact on the liability since future benefit projections (or in this case benefits less retiree contribution rates) are capped reducing the adverse impact of inflation on future liabilities.



The private sector has explored this option and some have implemented when FAS 106 was implemented or shortly after the employer recognized FAS 106 since the impact of the savings was material. For example, a cap would be established at say 1.5 to two times current cost, so future retiree benefits (payments in future years) would be capped at a level mitigating future health care inflation growth beyond 1.5 to two times. This does not impact costs in the current year on a pay-as-you-go basis, but mitigates future benefits, hence the actuarial unfunded liabilities.

Other approaches would be to offer a fixed dollar amount per year and let each individual buy on their own medical insurance. This is more non-traditional and in some cases have been solutions for corporations with part time employees. This becomes more complicated for the individual since they have to go out and find their own plan.

However, employers have recognized the difficulties here and have searched for organizations that can provide a concierge-type service. For example, a company called Health Plan One ([www.healthplanone.com](http://www.healthplanone.com)), which is an individual brokerage firm, helps each employee of an employer locate a medical carrier and plan design tailored to their individual needs (both cost and geography). It is an interesting approach, since it is a different level of consumerism by creating and requiring more personal choice and responsibility in purchasing medical insurance benefits. A challenge to this is that it will not work for 100 percent of the people (many states require individual medical underwriting so some people may not get the desired coverage). However, we mention this solution since it may result in significant GASB liability savings if implemented the appropriate way.

#### What Other Solutions Exist in the Market?

A non-traditional solution is the use of a retiree buyout. More popular in the private sector, these measures have been explored in the public sector. We have assisted several of our clients in doing a retiree buyout. These buyouts are a way to securitize and mitigate existing liability exposure with the goal of "writing a check" to take a liability off the books. It may also remove some of the administrative burden of legacy benefits for company human resource departments.

For a buyout, payment could be made to an insurance company or in some cases a trust (the latter securitized

with reinsurance) and the associated liability of these benefits is passed on to the insurance company or trust. If you are using an insurance company or a trust, please keep in mind that you do not want this liability coming back so the financial strength and security of the insurance company or trust is critical. It is important that the trust has a strong insurance company or reinsurer behind

**"These public entities will be looking for actuaries for guidance, though they may struggle with the initial news that the actuary provides. ..."**

it guaranteeing the payment. Although a buyout is a powerful solution both financially and politically for our customers, we warn the reader that retiree buyouts are not easy to do and require a lot of vigor and patience working with all parties involved.

Now that we addressed GASB liabilities as an issue, where do we go from here?

#### What Not to do as a Public Entity

Ignore this issue. It is a real problem and needs to be dealt with. Putting your "head in the sand" and hoping it goes away is not prudent and will not work. Public entities will need a game plan—the debt and borrowing market will probably require one. People are living longer with medical technology, which is a great thing.

These public entities will be looking for actuaries for guidance, though they may struggle with the initial news that the actuary provides, which is the first GASB 43 and 45 calculations that the actuary provides. Again, there are no cookie cutter solutions, but there may be some steps and solutions that can be implemented. ■

Michael L. Frank, ASA, FCA, MAAA, ChE, is president of Aquarius Capital. For information on his company, please visit [www.aquariuscapital.com](http://www.aquariuscapital.com). He can be reached at 914.933.0063 or [michael.frank@aquariuscapital.com](mailto:michael.frank@aquariuscapital.com).



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CAPITAL**

*The Philadelphia Parking Authority for GASB45 OPEB Actuarial Services 2012*

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**EXHIBIT VIII**

**COPY OF W-9 FORM**

Request for Taxpayer  
Identification Number and Certification

Give Form to the  
requester. Do not  
send to the IRS.

Print or type  
See specific instructions on page 2.

Name (as shown on your income tax return)  
**Aquarius Capital Solutions Group LLC**

Business name/disregarded entity name, if different from above

Check appropriate box for federal tax classification:  
☐ Individual/sole proprietor ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate  
☒ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) **Partnership** ☐ Exempt payee  
☐ Other (see instructions) ▶

Address (number, street, and apt. or suite no.)  
**110 Betsy Brown Road**

City, state, and ZIP code  
**Port Chester, NY 10573**

List account number(s) here (optional)  
**Telephone Number - (914) 933-0063**

Requester's name and address (optional)

**Part I Taxpayer Identification Number (TIN)**

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

**Note.** If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

| Social security number |  |  |   |  |  |  |  |  |
|------------------------|--|--|---|--|--|--|--|--|
|                        |  |  | - |  |  |  |  |  |

| Employer identification number |   |  |   |   |   |   |   |       |
|--------------------------------|---|--|---|---|---|---|---|-------|
| 3                              | 2 |  | - | 0 | 0 | 2 | 0 | 1 6 6 |

**Part II Certification**

Under penalties of perjury, 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. citizen or other U.S. person (defined below).

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.

**Sign Here**

Signature of  
U.S. person ▶

Date ▶ July 23, 2012

**General Instructions**

Section references are to the Internal Revenue Code unless otherwise noted.

**Purpose of Form**

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

**Note.** If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

**Definition of a U.S. person.** For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

**Special rules for partnerships.** Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.



**AQUARIUS  
CAPITAL**

*The Philadelphia Parking Authority for GASB45 OPEB Actuarial Services 2012*

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**EXHIBIT IX**

**INSURANCE CERTIFICATE**



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
9/4/2012

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER  
JOSEPH A BRUNO & ASSOC INC  
MEDICAL ARTS BUILDING  
475 WHITE PLAINS ROAD-SUITE 15  
EASTCHESTER NY 10709

CONTACT: Louis Pecora, CIC  
NAME:  
PHONE (914) 723-1111 FAX (914) 723-5029  
E-MAIL: l.pecora@bruno-associates.com  
ADDRESS:

| INSURER(S) AFFORDING COVERAGE             | NAIC# |
|---|-------|
| INSURER A: Travelers Indemnity of America | 25666 |
| INSURER B: Phoenix                        | 25623 |
| INSURER C: NAVIGATORS INSURANCE           |       |
| INSURER D:                                |       |
| INSURER E:                                |       |
| INSURER F:                                |       |

INSURED  
AQUARIUS CAPITAL SOLUTIONS GROUP LLC  
110 BETSY BROWN ROAD

PORT CHESTER NY 10573

## COVERAGES

CERTIFICATE NUMBER: Sample

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE HAS BEEN ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. GO TO SCHEDULE PAGE 2 FOR POLICY COPIES.

| EXCLUSIONS AND CONDITIONS OF SUCH POLICIES, CONDITIONS SHOWN ON BACK OF POLICIES |  |   |   |                        |                         |                         |   |  |  |
|--|--|---|---|------------------------|-------------------------|-------------------------|---|--|--|
| INSR LTR   | TYPE OF INSURANCE  |   | ADOL SUBR INSR WVR  | POLICY NUMBER          | POLICY EFF (MM/DD/YYYY) | POLICY EXP (MM/DD/YYYY) | LIMITS  |  |  |
| A  | GENERAL LIABILITY  |   |   | T-680-98K1684-4-TIA-12 | 9/10/2012               | 9/10/2013               | DAMAGE OCCURRENCE <input type="checkbox"/> 2,000,000                                    |  |  |
|  | <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY             |   | DAMAGE TO RENTED PREMISES (Per occurrence) <input type="checkbox"/> 300,000 |                        |                         |                         |   |  |  |
|  | <input type="checkbox"/> CONSIGNEE <input checked="" type="checkbox"/> OCCUR |   | PUBLIC EXP (Any one person) <input type="checkbox"/> 5,000                  |                        |                         |                         |   |  |  |
|  |  |   | PERSONAL AND ADULT INJURY <input type="checkbox"/> 2,000,000                |                        |                         |                         |   |  |  |
|  |  |   |   |                        |                         |                         | CONSIGNEE <input type="checkbox"/> 4,000,000  |  |  |
|  |  |   |   |                        |                         |                         | PRODUCTS - CO-OP/EMP ADD <input type="checkbox"/> 4,000,000                             |  |  |
|  |  |   |   |                        |                         |                         |   |  |  |
|  | NON-OWNED/CONDOGIT APPLIES FOR   |   |   |                        |                         |                         |   |  |  |
|  | <input checked="" type="checkbox"/> PD/CD                                    | <input type="checkbox"/> PRO-ADULT <input type="checkbox"/> EDC |   |                        |                         |                         |   |  |  |
| A  | AUTOMOBILE LIABILITY   |   |   | T-680-98K1684-4-TIA-12 | 9/10/2012               | 9/10/2013               | CONSIGNEE SINGLE GIFT (Per accident) <input type="checkbox"/> 1,000,000                 |  |  |
|  | AND AUTO   |   | DAMAGE INJURY (Per person) <input type="checkbox"/>                         |                        |                         |                         |   |  |  |
|  | OWNED AUTOS  | <input type="checkbox"/> SINGLE/OWNED AUTOS                     | DAMAGE INJURY (Per accident) <input type="checkbox"/>                       |                        |                         |                         |   |  |  |
|  | <input checked="" type="checkbox"/> RENTED AUTOS                             | <input checked="" type="checkbox"/> NON-OWNED AUTOS             | PROPERTY DAMAGE (Per accident) <input type="checkbox"/>                     |                        |                         |                         |   |  |  |
|  |  |   |   |                        |                         |                         |   |  |  |
|  | UMBRELLA LIAB  |   |   |                        |                         |                         | DAMAGE OCCURRENCE <input type="checkbox"/>  |  |  |
|  | EXCESS LIAB  |   |   |                        |                         |                         | ADDITIONAL <input type="checkbox"/>   |  |  |
|  | <input type="checkbox"/> EDC   | <input type="checkbox"/> RETENTION D                            |   |                        |                         |                         |   |  |  |
| B  | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY                                |   | Y/N <input type="checkbox"/>  | IN-UB-98K1752-7-12     | 9/10/2012               | 9/10/2013               | <input checked="" type="checkbox"/> WC STATUS - TOBACCO <input type="checkbox"/> UTD-OR |  |  |
| ANNUAL PREMIUM PARTIAL RATES   |  |   | DAMAGE ACCIDENT <input type="checkbox"/> 100,000                            |                        |                         |                         |   |  |  |
| IF YES, DESCRIBE UNDER DESCRIPTION OF OPERATIONS below                           |  |   | DAMAGE DISEASE - EX/OWNED <input type="checkbox"/> 100,000                  |                        |                         |                         |   |  |  |
|  |  |   | DAMAGE DISEASE - PD/CD/ED <input type="checkbox"/> 500,000                  |                        |                         |                         |   |  |  |
| C  | Professional/E&O Liab.   |   |   | KEX112XA6857           | 9/11/2012               | 9/11/2013               | DAMAGE CONDO <input type="checkbox"/> 1,000,000   |  |  |
|  |  |   |   |                        |                         |                         | ADDITIONAL <input type="checkbox"/> 2,000,000   |  |  |

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)  
Subject to terms, conditions, and exclusions of the actual insurance policy at the time of issuance.

## CERTIFICATE HOLDER

Sample

## CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Joseph Bruno/LJP

Joseph A. Bruno