



**CITY OF NEW RICHMOND**  
**THE CITY BEAUTIFUL**

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**May 29, 2015**

## **FINANCE COMMITTEE MEETING**

**Fred Horne**  
**Jim Zajkowski**  
**Jane Hansen**

**This is to inform you that there will be a Finance Committee Meeting on Monday, June 1, 2015 at 5:00 p.m. in the Administrator's Conference Room of the Civic Center, 156 East First Street, New Richmond.**

### **AGENDA:**

- 1. Roll Call**
- 2. Adoption of Agenda**
- 3. Approval of the minutes of the previous meeting, May 4, 2015**
- 4. Consideration / Action of Actuarial Valuation of Unused Sick Time Benefits Proposal**
- 5. Communications and Miscellaneous**
- 6. Adjournment**

**Mike Darrow,**  
**City Administrator/Utility Manager**

**cc:**

**The News**  
**Northwest Community Communications**  
**City of New Richmond Web Site**

A majority of the members of the New Richmond City Council may be present at the above meeting.

Pursuant to State ex rel. Badke v. Greendale Village Board, 173 Wis. 2d 553, 494 N.W. 2<sup>nd</sup> 408 (1993) such attendance may be considered a meeting of the City Council and must be noticed as such, although the Council will not take action at this meeting.

**Come Grow With Us!**

FINANCE COMMITTEE MEETING  
MAY 4, 2015 – 6:00 P.M.

The Finance Committee was called to order by Fred Horne at 6:00 p.m. on May 4, 2015.

Roll call was taken.

**Members Present:** Fred Horne, Jim Zajkowski and Jane Hansen

**Others Present:** Mike Darrow, Jeremiah Wendt and Bev Langenback

Jim Zajkowski moved to adopt the agenda, seconded by Jane Hansen and carried.

Jane Hansen moved to approve the minutes of the April 6, 2015 meeting, seconded by Fred Horne and carried.

**First Quarter Budget Report**

Bev Langenback presented the first quarter budget report. Discussion followed.

**P-Card Policy**

There was discussion regarding the P-Card Policy. Jane Hansen moved to approve this policy as presented, seconded by Jim Zajkowski and carried.

**SEH Contract**

Jeremiah Wendt presented the SEH contract for design of street and utility improvement projects. Discussion followed. This will be discussed at the May Council work session.

**Soil Boring Contract**

Jeremiah Wendt presented the soil boring proposals and discussion followed. Jane Hansen moved to approve a contract with PSI, seconded by Jim Zajkowski and carried.

**Closed Session per Statute 19.85 (1)(c) – Staffing Update**

Jim Zajkowski moved to go into Closed Session per State Statute 19.85 (1)(c) to discuss the Staffing Update, seconded by Jane Hansen, and carried.

**Open Session - Action on Closed Session**

Jim Zajkowski moved to approve the vacation policy payout as discussed in Closed Session, seconded by Jane Hansen and carried.

**Communications and Miscellaneous**

St. Croix County will hold a bond hearing on Tuesday night.

**Adjournment**

Jane Hansen moved to adjourn the meeting, seconded by Jim Zajkowski and carried.

Meeting adjourned at 6:55 p.m.

Tanya Reigel,  
City Clerk



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May 20, 2015

Mr. Mike Darrow  
Administrator/Utilities Manager  
City of New Richmond  
156 East First Street  
New Richmond, Wisconsin 54017

**Re: Actuarial Valuation of Unused Sick Time Benefits**

Dear Mike:

As you requested, we have provided this letter to discuss our understanding of the project, our fees and to summarize the data that we will need in order to prepare the work.

The Project

The City of New Richmond (City) is interested in obtaining an actuarial valuation of the unused sick time benefits that may be paid out to employees at retirement or other eligible types of termination of employment. As part of this work, we will prepare a present value of the expected payout of this benefit as of a specified date. In addition, we will construct a model of expected annual payouts based upon the assumptions used to evaluate the present value of the benefits. Our valuation system will prepare these calculations individually so that different groups may be evaluated if desired. We will also prepare a sensitivity analysis on the discount rate.

As a secondary phase to the project, the City may request that we prepare an evaluation of the change in the present value of expected payouts and the expected annual payouts based upon certain defined program changes. If requested, we may also prepare additional calculations based upon key alternative assumptions. Finally, we may also prepare alternative models for accrual patterns to recognize the liability should the City wish to do that.

Fees

Our fees to prepare the initial phase of the project will be between \$3,600. This fee assumes that all employee data can be provided electronically (spreadsheet preferred). All employee data received will be presumed accurate. If any substantial effort is required to "clean up" data cells that are obviously inaccurate, additional fees will apply.

Our fees to prepare the secondary phase of the project will be quoted at the time those services are requested and will depend upon the actual work that is anticipated based upon the request.

Data and Information

In order to prepare this work, we are likely to need the following information:

1. Census data provided in electronic format showing an identifying number, name (optional), date of birth, date of employment, pay rate (assuming payout is based upon sick hours times final pay),

Mr. Mike Darrow  
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accumulated unused sick time, amount of unused sick time in 2014 and any beneficiary information if relevant.

2. Complete summary of benefit provisions and eligibility requirements.
3. Listing of unused sick time payouts for the last five years (provide what is available if five years is not).
4. We may request other information depending upon the initial information that we receive.

Assumptions

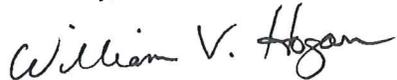
Once we have received your data, we will want to review your demographic experience. We will generally rely on assumptions used by the Wisconsin Retirement System (WRS) however we may reflect credible experience of your employment group that may be different from WRS to the extent it can be identified. Assumptions used in other studies may also be relevant for our purposes (such as a GASB 45 study on retiree medical benefits).

While most of our work has been to provide GASB 45 valuations for public employers throughout the State of Wisconsin, we have been asked to provide studies such as this in past years. I have personally been involved in such studies for Winnebago County and the City of Brookfield in years past. Other consultants in our office have also prepared such studies.

Should you wish to proceed with this engagement, please have the attached Consulting Services Agreement executed and returned for my signature. I will execute the agreement and return a copy back to you for your files. Then you will need to prepare the data request. As I mentioned on the telephone, we would expect this work to take between three and four weeks after we receive all requested data.

If you have any questions, please give me a call.

Sincerely,



William V. Hogan, FSA, MAAA  
Principal & Consulting Actuary

WVH/

Enclosure

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*Sent electronically - no hard copy mailed*