

Menard Consulting, Inc.  
 1690 W. Lake Street, Suite F  
 Addison, IL 60101  
 Tel: (630) 228-0676  
 www.MenardConsult.com



July 29, 2014

Ms. Kelly Branson  
 Interim Director of Finance / Treasurer  
 City of La Crosse  
 400 La Crosse Street  
 La Crosse, WI 54601

**RE: GASB 45 Actuarial Services for Fiscal Years 2014, 2015, and 2016**

Dear Ms. Branson:

Menard Consulting, Inc. ("Menard") appreciates the opportunity to provide actuarial consulting services to the City of La Crosse ("Client") in connection with GASB 45 financial reporting requirements. This is the agreement for the project.

**Project Scope & Fees**

We will provide the following services at the fees indicated:

Core Services

- Prepare Actuarial Valuation report (includes footnote disclosure information for audit)
- Initial Kick-Off Discussion
- Discussion on Assumption Selection
- Discussion(s) re. the Actuarial Report
- Discussion(s) with Auditors re. Actuarial Report
- Roll-Forward Update / Consultation with Auditors in "Off Valuation Years"

	2014	2015 <sup>(1)</sup>	2016	2017 <sup>(1)</sup> (extension)	2018 (extension)
<b>Annual Fee</b>	\$4,200	\$0	\$3,800	\$0	\$3,800

(1) Roll-forward calculation based on the previous year's valuation results

Optional Services

- Onsite Presentation of the Results                      \$500

Optional services may not be needed. They will only be performed after direct, explicit confirmation.

These fees are consistent with those quoted in our May 23, 2014 proposal.

Professional fees will be invoiced as follows:

- One-half the total fee upon commencement of work
- Remaining balance upon delivery of actuarial report

Invoice payment is due and payable within 30 days. Fees are all-inclusive of professional service time and expenses.

**You will not be charged more than the fees quoted above unless there is a signed Addendum to this Engagement Letter for this project.**

### **Project Timing**

Below is preliminary work plan. This schedule will be modified after the initial planning discussion. Timing can be accelerated as needed.

Initial Planning Discussion	Week 1
Request data and information	Week 1
Delivery of requested data and information	Week 2
Follow-up data questions, if necessary	Week 2
Summarization of Eligibility & Coverage	Week 2
Responses to data questions	Week 3
Discussion on Actuarial Assumptions	Week 3
Confirmation, Eligibility & Coverage understanding	Week 3
Finalize Actuarial Assumptions	Week 3 / 4
Delivery of Draft Report	Week 4
Discussion to review Draft Report	Week 4 / 5
Final Report issued	Week 4 / 5

Ms. Kelly Branson

July 29, 2014

Page 3

General Business Terms for this engagement are attached and are incorporated into this Engagement Letter by this reference.

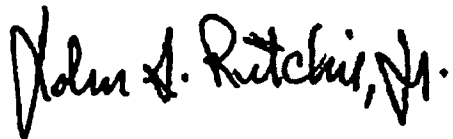
The City's Standard Terms and Conditions are incorporated into this Engagement Letter by this reference.

This Engagement Letter, together with the General Business Terms, constitute the entire agreement between the City of La Crosse and Menard Consulting, Inc. with respect to the subject matter hereof and supersede all other oral and written representations, understanding, or agreements relating to the subject matter hereof.

Please indicate your agreement by signing the signature page of this letter and returning it. If you have any questions, please call me at (630) 228-0676.

Sincerely,

**Menard Consulting, Inc.**



John Ritchie, ASA, MAAA

**AGREEMENT**

The services and terms described in the foregoing Engagement Letter dated July 29, 2014 to provide GASB 45 Actuarial Valuation Services for Fiscal Years 2014, 2015, and 2016 for the City of La Crosse and the attached General Business Terms are hereby acceptable. We agree to the terms specified herein.

Accepted and Agreed: **City of La Crosse, Wisconsin**

By: TIMOTHY KABAT  
(Print)

Teri Lehrke  
(Print)

Timothy Kabat  
(Signature)

Teri Lehrke  
(Signature)

Title: MAYOR

City Clerk

Date: 09/19/2014

9-20-14

**GENERAL BUSINESS TERMS**

**1. Services**

It is understood and agreed that Menard Consulting, Inc.'s services may include advice and recommendations, but all decisions in connection with the implementation of such advice and recommendations shall be the responsibility of, and made by, the Client. In connection with its services hereunder, Menard Consulting, Inc. shall be entitled to rely on all decisions and approvals of the Client.

**2. Payment of Invoices**

Properly submitted invoices where payment is not received within thirty (30) days of the invoice date shall accrue a late charge of the lesser of 1.0% per month or the highest rate allowable by law, in each case compounded monthly to the extent allowable by law. Without limiting its rights or remedies, Menard Consulting, Inc. shall have the right to halt or terminate its services entirely if payment is not received within thirty (30) days of the invoice date. Menard Consulting, Inc. shall also have the right at their discretion to waive any late charges accrued.

**3. Term**

Unless terminated sooner in accordance with its terms, this engagement shall terminate on the completion of Menard Consulting, Inc.'s services hereunder. This engagement may be terminated by either party at any time by giving written notice to the other party not less than ten (10) days before the effective date of termination.

**4. Ownership**

- a) **Menard Consulting, Inc. Technology.** Menard Consulting, Inc. has created, acquired, or otherwise has rights in, and may, in connection with the performance of services hereunder, employ, provide, modify, create, acquire or otherwise obtain rights in various concepts, ideas, methods, methodologies, procedures, processes, know-how, and techniques (including, without limitation, function, process, system and data models); templates; generalized features of the structure, sequence, and organization of software, user interfaces and screen designs; general purpose consulting and software tools, utilities and routines; and logic, coherence, and methods of operation of systems (collectively, the "Menard Consulting, Inc. Technology").
- b) **Ownership of Deliverables.** Except as provided below, upon full and final payment to Menard Consulting, Inc. hereunder, the tangible items specified as deliverables or work product in the arrangement letter to which these terms are attached (the "Deliverables") shall become the property of the Client. To the extent that any Menard Consulting, Inc. Technology is contained in any of the Deliverables, Menard Consulting, Inc. grants the Client, upon full and final payment to Menard Consulting, Inc. hereunder, a royalty-free, fully paid-up, worldwide, non-exclusive license to use such Menard Consulting, Inc. Technology in connection with the Deliverables.
- c) **Ownership of Menard Consulting, Inc. Property.** To the extent that Menard Consulting, Inc. utilizes any of its property (including, without limitation, the Menard Consulting, Inc. Technology or any hardware or software of Menard Consulting, Inc.) in connection with the performance of services hereunder, such property shall remain the property of Menard Consulting, Inc. and, except for the license expressly granted in the preceding paragraph, the Client shall acquire no right or interest in such property. Notwithstanding anything herein to the contrary, the parties acknowledge and agree that (a) Menard Consulting, Inc. shall own all right, title, and interest, including, without limitation, all rights under all copyright, patent and other intellectual property laws, in and to the Menard Consulting, Inc. Technology and (b) Menard Consulting, Inc. may employ, modify, disclose, and otherwise exploit the Menard Consulting, Inc. Technology (including, without limitation, providing services or creating programming or materials for other clients). Menard Consulting, Inc. does not agree to any terms that may be construed as precluding or limiting in any way its right to (a) provide consulting or other services of any kind or nature whatsoever to any person or entity as Menard Consulting, Inc., in its sole discretion, deems appropriate or (b) develop for itself, or for others, materials that are competitive with those produced as a result of the services provided hereunder, irrespective of their similarity to the Deliverables.

**5. Limitation on Warranties**

This is a Services Engagement. Menard Consulting, Inc. warrants that it shall perform services hereunder in good faith. Menard Consulting, Inc. disclaims all other warranties, either express or implied, including, without limitation, warranties of merchantability and fitness for a particular purpose.

**6. Limitation on Damages and Indemnification**

- a) The Client agrees that Menard Consulting, Inc. and its personnel shall not be liable to the Client for any claims, liabilities, or expenses relating to this engagement for an aggregate amount in excess of the fees paid by the Client to Menard Consulting, Inc. pursuant to this engagement, except to the extent finally judicially determined to have resulted primarily from the bad faith or intentional misconduct of Menard Consulting, Inc. In no event shall Menard Consulting, Inc. or its personnel be liable for consequential, special, indirect, incidental, punitive or exemplary loss, damage, or expense relating to this engagement.
- b) The Client shall indemnify and hold harmless Menard Consulting, Inc. and its personnel from all claims, liabilities, and expenses relating to this engagement, except to the extent finally judicially determined to have resulted primarily from the bad faith or intentional misconduct of Menard Consulting, Inc.
- c) The provisions of this Paragraph and Paragraph 9 shall apply to the fullest extent of the law, whether in contract, statute, tort (such as negligence), or otherwise. In circumstances where all or any portion of the provisions of this Paragraph are finally judicially determined to be unavailable, Menard Consulting, Inc.'s aggregate liability for any claims, liabilities, or expenses relating to this engagement shall not exceed an amount which is proportional to the relative fault that Menard Consulting, Inc.'s conduct bears to all other conduct giving rise to such claims, liabilities, or expenses.

**7. Cooperation**

The Client shall cooperate with Menard Consulting, Inc. in the performance by Menard Consulting, Inc. of its services hereunder, including, without limitation, providing Menard Consulting, Inc. with reasonable facilities and timely access to data, information, and personnel of the Client. The Client shall be responsible for the performance of its personnel and agents and for the accuracy and completeness of all data and information provided to Menard Consulting, Inc. for purposes of the performance by Menard Consulting, Inc. of its services.

**8. Force Majeure**

Menard Consulting, Inc. shall not be liable for any delays or non-performance resulting from circumstances or causes beyond its reasonable control, including, without limitation, acts or omissions or the failure to cooperate by the Client (including, without limitation, entities or individuals under its control or any of their respective officers, directors, employees, other personnel, and agents), acts or omissions or the failure to cooperate by any third party, fire or other casualty, act of God, strike or labor dispute, war or other violence, or any law, order, or requirement of any governmental agency or authority.

**9. Limitation on Actions**

No action, regardless of form, relating to this engagement may be brought by either party more than one year after the cause of action has accrued, except that an action for non-payment may be brought by a party not later than one year following the date of the last payment due to such party hereunder.

**10. Independent Contractor**

It is understood and agreed that each of the parties hereto is an independent contractor and that neither party is, nor shall be considered to be, an agent, distributor, partner, fiduciary, or representative of the other. Neither party shall act or represent itself, directly or by implication, in any such capacity in respect of the other or in any manner assume or create any obligation on behalf of, or in the name of, the other.

**11. Confidentiality and Internal Use**

- a) The Client agrees that all services hereunder and Deliverables shall be solely for the Client's informational purposes and internal use, and are not intended to be and should not be used by any person or entity other than the Client.
- b) To the extent that, in connection with this engagement, Menard Consulting, Inc. comes into possession of any proprietary or confidential information of the Client, Menard Consulting, Inc. will not disclose such information to any third party without the Client's consent, except (a) as may be required by law, regulation, judicial or administrative process, or in accordance with applicable professional standards, or in connection with litigation pertaining hereto, or (b) to the extent such information (i) shall have otherwise become publicly available (including, without limitation, any information filed with any governmental agency and available to the public) other than as the result of a disclosure by Menard Consulting, Inc. in breach hereof, (ii) is disclosed by the Client to a third party without substantially the same restrictions as set forth herein, (iii) becomes available to Menard Consulting, Inc. on a non-confidential basis from a source other than the Client which Menard Consulting, Inc.

believes is not prohibited from disclosing such information to Menard Consulting, Inc. by obligation to the Client, (iv) is known by Menard Consulting, Inc. prior to its receipt from the Client without any obligation of confidentiality with respect thereto, or (v) is developed by Menard Consulting, Inc. independently of any disclosures made by the Client to Menard Consulting, Inc. of such information.

**12. Assignment**

Except as provided below, neither party may assign, transfer or delegate any of its rights or obligations hereunder (including, without limitation, interests or claims relating to this engagement) without the prior written consent of the other party. Menard Consulting, Inc. may, without the consent of the Client, assign or subcontract its rights and obligations hereunder to (a) any affiliate or related entity or (b) any entity which acquires all or a substantial part of the assets or business of Menard Consulting, Inc.

**13. Waiver of Jury Trial**

Menard Consulting, Inc. and the Client hereby irrevocably waive, to the fullest extent permitted by law, all rights to trial by jury in any action, proceeding or counterclaim (whether in contract, statute, tort (such as negligence), or otherwise) relating to this engagement.

**14. Entire Agreement, Amendment and Notices**

These terms, and the engagement letter to which these terms are attached, including exhibits, constitute the entire agreement between Menard Consulting, Inc. and the Client with respect to this engagement, supersede all other oral and written representations, understandings, or agreements relating to this engagement, and may not be amended except by written agreement signed by the parties. In the event of any conflict, ambiguity, or inconsistency between these terms and the engagement letter to which these terms are attached, these terms shall govern and control. All notices hereunder shall be (i) in writing, (ii) delivered to the representatives of the parties at the addresses first set forth above, unless changed by either party by notice to the other party, and (iii) effective upon receipt.

**15. Governing Law and Severability**

These terms, the arrangement letter to which these terms are attached, including exhibits, and all matters relating to this engagement (whether in contract, statute, tort (such as negligence), or otherwise), shall be governed by, and construed in accordance with, the laws of the State of Illinois (without giving effect to the choice of law principles thereof). If any provision of such terms or arrangement letter is found by a court of competent jurisdiction to be unenforceable, such provision shall not affect the other provisions, but such unenforceable provision shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the parties set forth herein.

**16. Survival and Interpretation**

The agreements and undertakings of the Client contained in the arrangement letter to which these terms are attached, together with the provisions of Paragraphs 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16 hereof, shall survive the expiration or termination of this engagement. For purposes of these terms, "Menard Consulting, Inc." shall mean Menard Consulting, Inc. and its subsidiaries; all of their partners, principals, members, owners, directors, staff and agents; and in all cases any successor or assignee.