



COUNTY OF BERKS

Request for Proposals #25-12-GR

Actuarial and Pension Administration Service

Issued on July 11, 2025

Pre-Proposal Conference

Tuesday, July 22, 2025, 10:00 A.M., Local Prevailing Time

Refer to Section 1, paragraph 1.2 for details

Submittal Deadline:

Tuesday, August 26, 2025, 2:00 PM., Local Prevailing Time

Refer to Section 5, paragraph 5.1 for submittal instructions.

County's Point-of-Contact for this RFP

George M. Rodrigues, Director, Contracts & Procurement

Tel: 610-478-6168 Fax: 610-898-7443 Email: grodrigues@berkspa.gov

Website: www.berkspa.gov

This Request for Proposals (RFP) package consists of 195 pages including this cover page and the Table of Contents page. If the RFP package you received is missing any pages, contact the County of Berks Purchasing Department by telephone at (610) 478-6168.

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SECTION ONE - Introduction and Instruction

1.1. Purpose of this Request for Proposals (“RFP”)

The County of Berks (hereinafter “County”), a municipal corporation with its principal office in Reading, Pennsylvania is soliciting competitive sealed proposals (a “Proposal”) from professional firms (each a “Proposer”) that are interested in and capable of providing actuarial and pension administration services as further detailed in the specifications of this RFP (inclusive of all tasks, deliverables and products required herein, “Services”). If the County elects to make an award to a Proposer in connection with the Services, the Proposed Form of Agreement and General Conditions included as Attachment A to this RFP as well as all documents incorporated therein shall form the entire agreement between the County and the successful Proposer (“Agreement”).

1.2. Pre-Proposal Conference

A pre-proposal conference will be held through a live broadcast using Microsoft Teams on Tuesday, July 22, 2025, beginning promptly at 10:00 AM.

The Proposers may participate in the pre-proposal meeting of this Request for Proposal through a call-in number or utilizing Microsoft Teams. The Microsoft Teams URL may be subject to change, current Microsoft Teams URL for the opening can be located and on the following site under the listing for this specific RFP:

<https://www.berkspa.gov/departments/purchasing/itb-rfp>

The purpose of this meeting is to conduct a question and answer session regarding this RFP package to maximize the Proposer’s understanding as to what is required. Should questions asked and answers given at the pre-proposal conference potentially alter the intent or scope of the RFP, the County will issue an addendum to the RFP to formally modify the RFP. This RFP cannot be modified by, and Proposers shall not rely on, comments made during the pre-proposal conference except as set forth in an addendum.

All Proposers who have received the RFP package from the County will receive notification of the issuance of the addendum.

1.3. Due / Opening Dates

The deadline for the County’s receipt of Proposals is 2:00 PM, local prevailing time, Tuesday, August 26, 2025 (“Proposal Deadline”). The County Controller’s time clock shall be considered the official time. **Proposals received after the Proposal Deadline will not be considered.** Refer to Section 5, paragraph 5.1 for specific Proposal submittal instructions.

Proposals will be opened publicly at 2:15 PM., on Tuesday, August 26, 2025. Proposer may attend the proposal opening through a live broadcast using Microsoft Teams. A summary of Proposals received (Proposer name) will be posted on the Purchasing Department’s page of the County’s website <https://www.countyofberks.com/departments/purchasing/itb-rfp>

This Microsoft Teams URL may be subject to change, current Microsoft Teams URL for the opening can be located and on the following site under the listing for this specific RFP:

<https://www.berkspa.gov/departments/purchasing/itb-rfp>

Refer to Attachment E for detailed instruction on how to participate in the opening through a Microsoft Teams Live event. *Only the name of each Proposer will be read publicly. All*

other information contained in each Proposal shall be treated as confidential so as to avoid disclosure of contents prejudicial to competing Proposers.

1.4. Amendments to Submitted, Unopened Proposals

Amendments to or withdrawals of submitted, unopened Proposals will only be allowed if requests are received by the County prior to the Proposal Deadline. No amendments or withdrawals will be accepted after the Proposal Deadline unless they are in response to the County's request.

1.5. Required Review of RFP Package

Proposers shall carefully review this RFP for defects, inconsistencies, or ambiguities. Comments concerning defects, inconsistencies or ambiguities in this RFP must be made in writing and received by the RFP's point-of-contact (see cover page), at least ten (10) business days prior to the Proposal Deadline. This will allow for the issuance of any necessary addenda.

All questions must be in writing and directed to the RFP's point-of-contact. This RFP cannot be modified except by written addenda issued by the County. The decision on whether an addendum is required shall be made by the County in its sole discretion.

If an addendum is issued, it will be provided to all parties who were provided a copy of the RFP by the County's Purchasing Department. It shall ultimately be the responsibility of the Proposer to check and download Addenda from the County's website.

1.6. Receipt of RFP Package

The County's Purchasing Department is the sole authority to provide the RFP package to interested companies or individuals. Proposers who are working from an RFP package obtained from any other source may be working from an incomplete set of documents. The County assumes no responsibility for an error, omission, or misinterpretation resulting from a Proposer's use of an incomplete RFP package.

Proposers who have received the RFP package from a source other than the County Purchasing Department are advised to contact the Purchasing Department to provide their Proposer's name, address, telephone number, fax number, and contact name. This will ensure that the Proposer will receive all communication regarding the RFP such as Addenda.

Proposers who have received the RFP package by downloading it from the County's website and have not provided their Proposer's information to the County's Purchasing Department are responsible for checking the website to obtain any Addenda issued for the RFP.

1.7. Preparation Costs

The County will not be responsible for any costs associated with the preparation, submittal, or presentation of any Proposal. If the County rejects a Proposal or does not award an Agreement to any particular Proposer, the Proposer agrees that it will not seek to recover lost or expected profits, Proposal preparation costs or claims for unjust enrichment.

1.8. Public Information

All Proposals and other material submitted become the property of the County and may be returned only at the County's option. Information contained in the Proposals will not be disclosed during the evaluation process. Under Pennsylvania's "Right to Know" laws (65 P.S. §§ 67.101-67.3104), public records are required to be open to reasonable inspection. All

Proposal information, including detailed price and cost information, will be held in confidence during the evaluation process and prior to the time the Agreement is executed by the County. Thereafter, the Proposals will become public information. Requests for photocopies of public records must be made to the Open Records Officer and will be provided to the requestor for a nominal per page fee.

Trade secrets and other proprietary data contained in Proposals may be held confidential if the Proposer requests in writing that the County does so and the County agrees in writing to do so. Material considered confidential by the Proposer must be clearly identified and the Proposer must include a brief statement that sets out the reasons for confidentiality.

1.9. Reservation of Rights

1.9.1. The County reserves and may, at its sole discretion, exercise the following rights with respect to this RFP and all Proposals submitted pursuant to this RFP:

- 1.9.1.1.** To reject all Proposals and re-issue the RFP at any time prior to execution of the Agreement; to require, in any RFP for similar products and/or services that may be issued subsequent to this RFP, terms and conditions that are substantially different from the terms and conditions set forth in this RFP; or to cancel this RFP with or without issuing another RFP.
- 1.9.1.2.** To reject any Proposal if, in the County's sole discretion, the Proposal is incomplete, the Proposal is not responsive to the requirements of this RFP, the Proposer does not meet the qualification requirements set forth in Section 5 herein, or it is otherwise in the best interest of the County to reject the Proposal.
- 1.9.1.3.** To supplement, amend, substitute, or otherwise modify this RFP at any time prior to the opening of proposals.
- 1.9.1.4.** To accept or reject any or all of the items in any Proposal and award the Agreement for the whole or only a part of any Proposal if the County determines, in its sole discretion, that it is in the County's best interest to do so.
- 1.9.1.5.** To reject the Proposal of any Proposer that, in the County's sole judgment, has been delinquent or unfaithful in the performance of any contract with the County, is financially or technically incapable, or is otherwise not a responsible Proposer.
- 1.9.1.6.** To waive any informality, defect, non-responsiveness, and/or deviation from this RFP that is not, in the County's sole judgment, material to the Proposal.
- 1.9.1.7.** To permit or reject, at the County's sole discretion, amendments (including information inadvertently omitted), modifications, alterations, and/or corrections to Proposals by one or more of the Proposers following Proposal submission.
- 1.9.1.8.** To request that one or more of the Proposers modify their Proposals or provide additional information.
- 1.9.1.9.** To request additional or clarifying information from any Proposer at any time, including information inadvertently omitted by a Proposer.

- 1.9.1.10. To require that Proposers appear for interviews and/or presentations of their Proposals at County offices.
 - 1.9.1.11. To inspect programs similar in type and scope to the work sought in this RFP and/or to inspect the Proposer’s facilities to be used in furnishing goods or services required by the RFP.
 - 1.9.1.12. To conduct such investigations as the County considers appropriate with respect to the qualifications of any Proposer and with respect to the information contained in any Proposal.
- 1.10. Any and all protests related to this solicitation are subject to the County of Berks Protest Policy which is located on the County of Berks Purchasing Department website: <https://www.berkspa.gov/departments/purchasing/itb-rfp>
- 1.11. **RFP Timeline**
 Following is the County’s estimated timeline for the RFP process:
- | | |
|---|---------------------------------------|
| Issue RFP | Friday, July 11, 2025 |
| Pre-Proposal Conference | Tuesday, July 22, 2025 at 10:00 A.M. |
| Cutoff for Submission of Written Questions (10 business days before due date) | Tuesday, August 12, 2025 |
| Deadline for Submission of Proposals | Tuesday, August 26, 2025 by 2:00 P.M. |
| Opening of Submitted Proposals | Tuesday, August 26, 2025 at 2:15 P.M. |
| County’s Review of Proposals | August 27, 2025 to September 19, 2025 |
| Notify Short List Firms | Monday, September 22, 2025 |
| Interview Short List Firms | September 25 – September 26, 2025 |
| Issue Notice of Contract Award | Friday, October 31, 2025 |
| Commencement of Work | Thursday, January 1, 2026 |

SECTION 2 – Method of Vendor Selection

2.1. Interviews with Short List Firms

The County may, in its sole discretion, elect to conduct interviews with one or more Proposers. The purpose of an interview will be to clarify and assure the Proposer’s full understanding of, and responsiveness to, the solicitation requirements. Revisions to a Proposal may be permitted after submission and before the County’s execution of the Agreement for the purpose of obtaining best and final offers with the County’s approval. The individual identified in the Proposal as the Program Manager, must be in attendance at the interview.

2.2. Right to Negotiate

After the County’s completion of the Proposal evaluation process, including any interviews held with Proposers during the evaluation process, the County may elect to initiate negotiations with one or more Proposers for modification of any component of the Agreement, including, without limitation, the scope of services, price or schedule for completion. The option of whether or not to initiate or terminate negotiations rests solely with the County, which may be exercised at any time.

2.3. Award of Contract

If the County elects to award the Agreement pursuant to this RFP, it intends to award the Agreement to the responsible and responsive Proposer whose Proposal is determined to

provide the best overall value to the County. Cost will be considered, but will not be the sole determining factor. The County intends to award a three (3) year Agreement term with the option of extending the term of the Agreement for additional one (1) year periods upon the mutual agreement of the parties. The Vendor should be prepared to begin work on January 1, 2026.

- 2.5.1. The County reserves the right, upon notice to the Proposer, to extend the term of the Agreement for up to three (3) months upon the same terms and conditions. This will be utilized to prevent a lapse in Agreement coverage and only for the time necessary, up to three (3) months, to enter into new Agreement and to ensure a smooth transition process for consumers.
- 2.5.2. This option provision shall be within the sole and exclusive discretion of the County to exercise and shall not obligate the County to extend the Agreement.

SECTION 3 - Standard Contract Information

3.1. Standard Agreement Provisions

The Agreement resulting from the award of this RFP will be governed by the terms and conditions set forth in the Proposed Form of Agreement and General Conditions set forth in Attachment A, attached hereto and incorporated herein. Proposers must detail in their Technical Proposal their reasons for objection to any part of RFP or Proposed Form of Agreement and General Conditions. Hindrance of the award process due to the extent of a Proposer's objection to the form or substance of the RFP or Proposed Form of Agreement and General Conditions may have a negative impact on the County's assessment of that Proposal.

3.2. Agreement Content

The Agreement will incorporate this RFP, the Proposer's Proposal, and any additional information deemed necessary as a result of the negotiations held with the Vendor.

3.3. Confidentiality of Protected Health Information:

- 3.3.1. To the extent applicable, the parties hereto agree to fully comply with the Health Insurance Portability and Accountability Act of 1996, P.L. 104-191, and all amendments thereto and regulations promulgated thereunder (collectively, "HIPAA"), as well as any other applicable laws or regulations concerning the privacy and security of health information. The successful Proposer agrees at all times to treat any protected health information (as defined by HIPAA), created by or disclosed or otherwise made available to the successful Proposer in connection with the Agreement, in accordance with all federal, state and local laws and regulations regarding the confidentiality of protected health information. Without limitation to other rights and remedies under the Agreement or afforded by law, County may immediately terminate the Agreement if it determines that there has been a material breach of this provision.
- 3.3.2. To the extent that County meets the definition of a "Covered Entity" or "Business Associate" (as such terms are defined under HIPAA) and the successful Proposer/Vendor is determined by County to meet the definition of a "Business Associate" or "Subcontractor" (as such terms are defined under HIPAA) of County, the successful Proposer and County shall enter into a HIPAA Business Associate Agreement in a form satisfactory to County as set forth in Attachment B, attached hereto and incorporated

herein, which shall govern the treatment of any protected health information created, received, transmitted, or maintained by successful Proposer on behalf of the County.

SECTION 4 – Scope of Work

4.1. Background

4.1.1. County data

4.1.1.1. Berks County is an urban area of 428,849 persons (2020 Census), situated in southeastern Pennsylvania. The county seat, which is the city of Reading, is 56 miles northwest of Philadelphia.

4.1.1.2. The County is a third-class county and employs 2127 employees.

4.1.2. The Berks County Employees’ Retirement Board consists of the County of Berks Commissioners, Treasurer and Controller.

4.1.3. The County is subject to The County Pension Law Act 96 of 1971, as amended.

4.1.3.1. Participants are required to contribute five percent (5%) of their salary; however, participants reserve the right to contribute an additional amount not exceeding an additional ten percent (10%).

4.1.3.2. A participant is considered vested after having completed five (5) or more years of credited service. Once vested, a participant can leave accumulated deductions credited to his account in the fund. Upon reaching superannuation retirement age, the participant receives a superannuation retirement allowance.

4.1.3.3. Superannuation retirement age is defined as sixty (60) years of age or older except as applied to a contributor who has completed twenty (20) years of total service, in which the superannuation retirement age is defined as fifty-five (55) years of age or older or if involuntary terminated with at least eight (8) years of service.

4.1.4. County’s pension plan

4.1.4.1. The County participates in a single employer defined benefit plan (the “Pension”).

4.1.4.2. The Berks County Employees’ Pension Plan effective January 1, 1942, provides retirement, disability, and death benefits to plan members and their beneficiaries.

4.1.4.3. Cost-of-living adjustments (COLA) are provided at the discretion of the Berks County Employees’ Retirement Board. The last COLA was effective 01/01/2000.

4.1.4.4. The County retains SEI Investments as its co-fiduciary custodian manager and investment advisor and manager.

4.2. Plan Demographics & Software Applications

4.2.1 Plan demographics

- 4.2.1.1 2,012 active members and vested terminated members.
- 4.2.1.2 603 non-vested members.
- 4.2.1.3 1,549 retired members and beneficiaries.
- 4.2.1.4 47 participants started to receive benefits.
- 4.2.1.5 Active participant changes January 1, 2024 through December 31, 2024 – 273 new participants, 254 terminated, 3 died, 34 terminated and vested and 47 retired.
- 4.2.1.6 Participants supplied approximately \$9.16 million in contributions in 2024 of which \$9.10 million were through payroll deductions.
- 4.2.1.7 Normal cost rate, i.e. cost of benefits accruing during the year is 4.19%
- 4.2.1.8 Total number of annual pension benefit statements issued:
 - 4.2.1.8.1 2024 – 1877
 - 4.2.1.8.2 2023 – 1795
 - 4.2.1.8.3 2022 – 1805
 - 4.2.1.8.4 2021 – 1819

4.2.1.9 Total number of pension quotations per year:

4.2.1.9.1

| Year | pension quotations - estimates | pension quotations – final |
|------|--------------------------------|----------------------------|
| 2024 | 192 | 53 |
| 2023 | 158 | 89 |
| 2022 | 52 | 93 |
| 2021 | 20 | 89 |

- 4.2.1.9.1.1 Pension quotations - Estimates, represent the number of times an individual requests a quote but it is not finalized.
- 4.2.1.9.1.2 Pension quotations - Final, represent the number of individuals whom have selected their options and put in the paperwork to retire.
- 4.2.1.10 Annual benefit payments, including refunds of member contributions, of \$29 million.
- 4.2.1.11 Anniversary of a participant is based upon date of hire. Payroll is generated on a bi-weekly basis. The County has the ability to show daily breakdown of payroll figures.

- 4.2.1.12 The County has a benefits/pension coordinator, that will perform the County identified responsibilities in Clause 4.4.2.
- 4.2.1.13 Refer to Attachment H for additional plan demographic information.
- 4.2.1.14 The County does not currently have a pension estimator tool. The County has executed a contract with Pension Technology Group (PTG) for a pension estimator for the County. Once the calculator is in place it may be utilized by the County's Pension Coordinator and County employees to obtain pension quotation estimates. The new pension estimator software through PTG has been configured with a yearly extract/report that matches the data required by the current actuary. The awarded Proposer will be required to provide any and all requirements needed by PTG for the yearly extract/report.
- 4.2.1.15 Human resource management system (HRMs)/Payroll/Enterprise Resource Planning (ERP) System.
 - 4.2.1.15.1 The County utilizes Oracle Human Capital Management (HCM) Fusion 24C for HRMS and payroll functions.
 - 4.2.1.15.1.1 The County maintains participant data including but not limited to hire date, termination date, leaves of absence and payroll data.
 - 4.2.1.15.2 The County's ERP system is Oracle version 12.2.12 which includes but is not limited to General Ledger, Accounts Receivable, Accounts Payable, iSupplier and Procurement Modules. Hyperion is utilized for budgeting and capital forecasting.
 - 4.2.1.15.3 Mortality table.
 - 4.2.1.15.3.1 The County moved from the 1983 Group Annuity Mortality Table (CAM19) to the RP2013 mortality table effective January 1, 2018.

4.3 Project Goals and Objectives

- 4.3.1 Traditional actuary services as identified within this Request for Proposal.
- 4.3.2 Certified retirement benefit calculations pursuant to the County's pension plan document, Attachment G.

4.4 Scope of Work

- 4.4.1 Actuary services.
 - 4.4.1.1 Prepare actuarial valuation of the Berks County Employees' Retirement Board fund as required by the County Pension Law [16P.S. §11651 et. Seq.] with separate GASB 67-68 report for disclosure of information in accordance with the Governmental Accounting Standards Board (GASB) on an annual basis.
 - 4.4.1.1.1 The RP2013 mortality tables shall be utilized for the actuarial evaluation.

- 4.4.1.2** Provide a five (5) year forecast of the Actuarial Determined Contribution (ADC) based upon the most recent January 1st valuation report data and related assumptions.
- 4.4.1.3** Provide annually a five (5) year forecast of GASB 68 pension expense.
- 4.4.1.4** Provide annually the funding requirements for cost-of-living increases for pensioners.
- 4.4.1.5** Appear before the Berks County Employees' Retirement Board as requested, to discuss issues and policies. The Vendor is required to appear at minimum once per year.
- 4.4.1.6** Issue periodic bulletins regarding changes in the county pension law and any applicable State and Federal legislation, as the changes are enacted.
- 4.4.1.7** Issue periodic bulletins for information and administrative guidance related to actuary services and benefits which shall include but not be limited to implications of mortality changes and retirement trends.
- 4.4.1.8** Advise on procedures for updating actuarial member records and preparation of financial statement at year-end.
- 4.4.1.9** Provide confirmations to independent accountants and auditors when authorized by the County's Controller.
- 4.4.1.10** Review and advise on content for domestic relations/court orders.
- 4.4.1.11** Annually, prepare a detailed benefit statement to each active plan member. The benefit statement shall be provided to the County on or before June 1st, unless otherwise mutually agreed to by the County and the Vendor. The County will distribute the statements to participants. Attachment J, is a sample of the County's current benefit statement.
 - 4.4.1.11.1** The annual benefit statement shall include at minimum the information identified in Attachment J.
 - 4.4.1.11.1.1** The County reserves the right to change the scenario on an annual basis.
 - 4.4.1.11.2** Furnish at no cost up to one hundred (100) certified pension quotations per year. The quotations shall calculate pension/death benefit finals, with reserve transfers. A sample of the County's current pension quotation is provided in Attachment L. Pension quotations shall at minimum contain the information provided in Attachment L, Pension Quotation.
 - 4.4.1.11.3** Furnish at no cost, up to fifty (50) preliminary (estimated) quotations per year.
 - 4.4.1.11.4** Provide additional retirement quotations as needed on a unit cost basis. This shall include, but not be limited to, extraordinary events, i.e. sale or

outsourcing of a County facility, or an early retirement offer. If an event causes termination of twenty-five (25) or more participants, the Vendor shall negotiate a lump sum fee with the County at that time. The fee in total shall be less than if calculated using the per unit cost.

4.4.1.12 Calculate and provide to the County a sensitivity analysis, as applicable, and at minimum annually, with the release of the annual actuarial valuation report . This analysis will identify the potential effect on actuarial determined contributions and funded status of recommended or required changes to: assumptions, mortality tables, asset valuation method, investment rate of return, and any other items that are different from that which has been assumed and, more specifically, that could adversely affect the financial solvency of the plan. It is expected that the impact of any proposed or required changes will be presented to the County one (1) year in advance of the proposed change date. This will be due with the release of the annual actuarial valuation report.

4.4.1.13 Actuary reports.

4.4.1.13.1 Provide an electronic draft copy of the actuarial valuation report and the GASB 67-68 report to the County Controller and County Chief Financial Officer. Once approved by them, distribute a Final report to the Secretary of the Pension Board.

4.4.1.13.2 Provide a five (5) year forecast of the GASB 68 pension expense based upon the most recent December 31st data and assumptions in the format of Attachment I.

4.4.1.13.3 Provide a five (5) year forecast of the actuarial determined contribution (ADC) based upon the most recent December 31st data and assumptions in the format in Attachment I.

4.4.1.13.4 By September 30th of each year provide an estimate of the ensuing year ADC and pension expense and related five (5) year forecast, for both ADC and GASB 68 pension expense. This will be based upon participant data in the most recent valuation report, updated: investment value, employee contributions and pension and death benefits paid, to be provided by the County, including any material wage changes. This is not a full valuation. Please note the County's current actuary does not charge for this service. Material wage adjustment occur from time to time but are not frequent.

4.4.1.13.5 As required by Section 6 of Act 96, 1971 of the Commonwealth of Pennsylvania and the County Pension Law [16P.S. §11651 et. Seq.], the Vendor shall periodically make an actuarial investigation into the mortality and service experience of the fund and certify to the Retirement Board annually the amount of appropriation to be made by the County, if any, to revise the mortality table.

4.4.1.13.6 The Vendor shall issue annually one (1) bound report on actuarial valuation including determination of the County's annual contribution for the ensuing year to the secretary of the County's pension board no later than the 5:00 P.M. on the last Friday of April, provided that the County has forwarded to

Vendor the relevant member data and financial information at minimum five (5) weeks prior.

4.4.1.13.6.1 The Vendor will be responsible for reports for the January 1, 2026 ADC valuation and the December 31, 2025 GASB 67-68 Report. The Actuary Vendor will be responsible for certified pension calculations.

4.4.1.13.7 Review the investment policy statement (IPS) and report on the targeted asset allocation and expected return based upon Vendor's capital market assumptions.

4.4.1.13.8 Prepare Commonwealth of Pennsylvania Actuarial Investigative Reports as required by Act 293 for review and certification by the County.

4.4.1.13.9 The Actuary Valuation report and GASB 67-68 Report shall mirror in content and format that identified and provided in Attachment H.

4.4.2 Pension administration services.

4.4.2.1.1 Certified pension calculations:

4.4.2.1.1.1 The County shall be responsible for:

4.4.2.1.1.1.1 Receiving participant phone calls and/or emails.

4.4.2.1.1.1.2 Responding to participant phone calls and/or emails.

4.4.2.1.1.1.3 Reviewing benefit election materials.

4.4.2.1.1.1.4 Maintaining inactive participant records.

4.4.2.1.1.1.5 Communicating payment instruction to trustee.

4.4.2.1.1.1.6 Performing monthly reconciliation with trustee.

4.4.2.1.1.1.7 Providing data updates of active plan participants.

4.4.2.1.1.1.8 Providing administration data for pension valuation to include pension investment data.

4.4.2.1.1.1.9 Delivery of benefit election materials package to participant.

4.4.2.1.1.1.10 Provide participant data inclusive of payroll data through a secure, encrypted file transfer method.

4.4.2.1.1.1.11 Maintain and supply participant data including but not limited to hire date, termination date, leaves of absence and payroll data.

4.4.2.1.1.1.12 Generate pension benefit payments to participants.

4.4.2.1.1.2 The Vendor shall be responsible for:

4.4.2.1.1.2.1 Performing benefit calculations which shall include military, prior service and leave of absence buybacks. The County may opt to perform an initial estimated calculation as per the sample provided in Attachment K, Request for a Pension Quotation, but it shall be the responsibility of the Vendor to verify all sets of information using the raw participant data supplied by the County to independently generate a benefit calculation.

4.4.2.1.1.2.2 Generating participant materials which shall include all letters, election forms, notices and other required materials. Other required material shall include any updates required by law.

4.4.2.1.1.2.3 Generating tax forms for participant materials, this shall be considered an alternate that may be accepted or rejected at the discretion of the County upon award of an agreement.

4.4.3 The Vendor as part of this RFP shall provide any and all requirements needed by PTG to ensure the successful operation of the pension estimator tool.

4.4.4 In the event that the Vendor's contract is terminated or not renewed, the Vendor shall be required to actively participate in the transition of services and Pension data to the new Vendor.

4.5 Qualifications / Experience

4.5.1. Proposing firm

4.5.1.1 The proposing firm shall at minimum:

4.5.1.1.1 have actuarial and pension administration background, including recent experience supporting public pension operations in at least one (1) third-class or higher county within the Commonwealth of Pennsylvania;

4.5.1.1.2 have demonstrated past performance related to the ability to meet schedules and deadlines, on projects of similar scope and size; and

4.5.1.1.3 have demonstrated past exceptional performance related to quality of design on projects of similar scope and size.

4.5.1.2. It is important to note that "proposing firm" refers to the company that would enter into the Agreement with the County. To be considered, the proposing firm must meet or exceed the benchmarks set forth above on its own merit. The experience and qualifications of firms that the proposing firm will partner with in the performance of this Program cannot be used to bring a proposing firm's less than required experience and qualifications up to the benchmark. Also, important to note is that the County is not interested in a joint venture program and/or one that includes a subcontractor but prefers to enter into the Agreement with a single entity.

4.5.1.3. Each proposing firm shall certify that it is not currently under suspension or debarment by the Commonwealth of Pennsylvania or federal government. If the proposing firm cannot so certify, then it shall submit a written explanation of why such certification cannot be made.

4.5.2. Project team.

4.5.2.1. The project manager/lead actuary shall at minimum:

- 4.5.2.1.1.** have actuary and pension administration experience, specifically county experience in the Commonwealth of Pennsylvania, for at least two (2) clients of similar scope and size;
- 4.5.2.1.2.** on past projects of similar scope and size, have demonstrated skills, technical knowledge, and administrative capability to serve all the requirements of the proposed project specifications;
- 4.5.2.1.3.** possess certifications, licenses, qualification standards and proficiency in the application of requirements and guidelines established by the American Academy of Actuaries; and
- 4.5.2.1.4.** have an Employment Retirement Income Security Act (ERISA) Enrolled Actuary.

4.5.2.2. The project team shall at minimum:

- 4.5.2.2.1.** have actuary and pension administration experience, specifically County experience in the Commonwealth of Pennsylvania, for at least two (2) clients of similar scope and size; and
- 4.5.2.2.2.** on past projects of similar scope and size, have demonstrated skills, technical knowledge, and administrative capability to serve all the requirements of the proposed project specifications.

4.6 Program timeline.

4.6.1. The successful Proposer(s) will be required to begin the work on the date listed in the awarded contract, which is anticipated to be January 1, 2026.

5 SECTION 5 - Proposal Format and Content

5.1 Submission of Proposal

- 5.1.1** Proposals shall be submitted with one (1) original printed on 8½” x 11” paper, and one (1) electronic copy of the Proposal and an electronic Excel file of Price Proposal on a thumb drive to:

**County of Berks, c/o County Controller
Berks County Services Center
633 Court Street, 12th Floor
Reading, PA, 19601**

The electronic copy of the Proposal must be a complete copy of the original including all attachments and appendixes.

- 5.1.2** Proposals shall be submitted in two (2) parts – a “Technical Proposal” and “Price Proposal”. The Technical Proposal shall cover the technical aspects of the Services but shall not include any mention of proposed fees or out-of-pocket expenses. The Price Proposal shall include all details as required under Section, Clause 5.12. The Technical Proposal and the Price Proposal shall be submitted in separate sealed, opaque envelopes or containers with the words “Sealed Technical Proposal – RFP #25-12-GR” and “Sealed Price Proposal – RFP #25-12-GR” clearly printed on the outside of each package. Proposals received via facsimile will not be considered.
- 5.1.3** Each Proposal section enumerated in paragraph 5.3 – 5.12 must be clearly identified and tabbed in the submitted Proposal.

5.2 Proposal Format

The County discourages overly lengthy and costly proposals; however, Proposers should follow the format set out herein and provide all of the information requested. For a Proposal to be considered, Proposers must follow the instructions outlined in this RFP.

5.4 Transmittal Letter

Proposals shall include a brief letter which provides the Proposer’s name; address of the main office and any branch offices; telephone and fax number for each office; name, title, telephone number, fax number, and email address of the Proposer’s contact person for this program; a statement that the Proposal is in response to this RFP; and the signature, typed name, and title of an individual who has *actual authority** to commit the Proposer to the Proposal. The transmittal letter shall also include an acknowledgement of each RFP addendum received (if applicable), and a statement that the Price Proposal is valid for at minimum ninety (90) days from the Proposal opening date.

**Proposals by individuals must be signed personally, with name typed below signature, and witnessed. A complete address and trade name must be provided. Proposals by partnerships must include the typed names and business address of all partners and the trade name of the Proposer. The Proposal must be signed by at least one general partner, whose signature must be witnessed. Proposals by corporations must include the typed name of the corporation, the State of incorporation, and the principal officer of the corporation. The Proposal must be signed by the President or Vice-President (or by an officer or agent duly*

authorized to bind the corporation to a contract, proof of whose corporate authority shall be attached), and attested by the Secretary, Assistant Secretary, or Treasurer of the corporation.

5.3 Understanding of the Services

Proposers must provide a comprehensive narrative statement that illustrates their understanding of the requirements of the Services, and illustrates how their methodology will serve to accomplish the work and meet the County's schedule. Proposers must describe how they will approach the Services; describe the methods and frequency of interface between your program team members and the County's program team members in performing the Services; and indicate how often the program manager and the program team members will be on site in the performance of Services.

5.4 Qualification Statement

Each Proposal shall include, at minimum, the following information about the company.

- 5.4.1 The number of years the company has been in business.
- 5.4.2 The number of years the company has provided actuary and pension administration services.
- 5.4.3 The type of organization of the company. (i.e. Corporation, Partnership, Sole Proprietorship).
- 5.4.4 The names and titles of the company's principles. The company's most recent annual report or the company's most recent income statement, balance sheet, and statement of cash flow accompanied by an auditor's report attesting to the accuracy of these financial statements.
- 5.4.5 The following questions should be answered thoroughly as part of the Proposal:
 - 5.4.5.1 What is the company's main business focus?
 - 5.4.5.2 What are the strengths of the company and how will the County benefit from those strengths?
 - 5.4.5.3 How many county and other public sector pensions have you gained in the last three (3) years? How many are Pennsylvania counties and other public sector pensions?
 - 5.4.5.4 How many included both ADC valuation and GASB 67-68 services and reports?
 - 5.4.5.5 How many engagements included five (5) year forecasts for both ADC and GASB 68 pension expense?
 - 5.4.5.6 How many engagements included experience studies including mortality?
 - 5.4.5.7 How many Member, American Academy of Actuaries and ERISA Enrolled Actuaries does the firm have with Pennsylvania County Actuarial valuation experience within the last five (5) years?
 - 5.4.5.8 Describe your firms expertise with the Secure Act 2.0

- 5.4.5.9** What is the last date when your organization had a change in its business structure, whether through an acquisition or divestiture or through an alliance arrangement? If applicable, how did this change in business affect the administration division? Describe any pending or anticipated plans to re-organize your company within itself or as part of the larger organization of which your company is a part.
- 5.4.6** Each Proposal shall address the company's qualifications for the development and completion of the Services based on the following:
- 5.4.6.1** List and describe the company's experience with Pennsylvania county government actuary services and pension administration projects as well as other government projects for actuary and pension administration services. For each county include: name and location of project; reference contact name and telephone number; planned completion dates and actual completion dates.
- 5.4.6.2** For the county and other government projects noted above what is the total number of participants in all public sector pensions currently being administered by your organization?
- 5.4.6.3** What portion of your organization's expenses is related to system technology development?
- 5.4.6.4** Identify the project manager and submit this individual's credentials (work/project experience and education), evidencing the experience required in Section 4.5.2 herein. List the names and titles of your planned project team members and describe their individual levels of experience and expertise with this type of project, evidencing the experience required in Section 4.5.2 herein. Include an organizational chart showing the reporting structure of the team members.
- 5.4.6.5** Is the administration staff divided into groups performing specific tasks? (For example, a dedicated group to process and authorize payments to retirees.)
- 5.4.6.6** Are pension administration staff located physically in the same location or are they virtual and working from many different locations? What will be the location(s) for the team assigned to provide services to the County?
- 5.4.6.7** What is the average number of account relationships for each of your proposed team members? What is the current number of account relationships for the entire team proposed for this account?
- 5.4.6.8** How many of your employees work on public sector pensions? Provide a breakdown of the number of full-time equivalent employees working on pensions by the following functional areas: management; call center management/supervisors; customer service representatives (CSR's); field representatives; systems management; systems staff (development staff and operating/maintenance staff); and other support personnel.
- 5.4.6.9** How are your assigned staff kept apprised and trained on new law or governmental regulations affecting administration?

- 5.4.6.10** Describe the company's capacity to execute the Services within the proposed schedule. Describe the company's willingness and ability to commit personnel to meet the scope and schedule of the Services. Detail your assumptions and approach related to Actuarial Valuation. Identify how you will show the results, of probabilities or ranges, i.e. stochastic projection.
- 5.4.7** Address pension system and administration capability:
- 5.4.7.1** Provide the detail of your system capability concerning retirement processing with regard to tracking of participant retirement elections and recordkeeping of plan history concerning salary and service.
- 5.4.7.2** Does the system automatically apply actuarial increases for deferred age payments?
- 5.4.7.3** Describe how your system handles suspension of benefits notifications to participants. Does your system handle actuarial increases for suspended benefits for post-normal retirement date payments?
- 5.4.7.4** Describe how your system will merge information and produce all required letters and retirement forms. Are your system's forms in a standard format or can they be customized for client requests? Does the system allow administrators to have access to be able to customize a specific participant's letter? What is your standard protocol for providing Relative Values Notice information to retiring participants? How would your system handle the use of generic Relative Values Notices and if so, how would a request for an individualized Relative Values Notice be handled?
- 5.4.7.5** Please describe in detail how your system maintains an audit trail. Are all database changes handled through batch mode or can changes be made real-time directly on-line?
- 5.4.7.6** How do you track and handle notice reports for situations like Period Certain benefits expiring, vested terminated participants reaching normal retirement date, active or deferred vested participants reaching their minimum required distribution benefit commencement date, etc.?
- 5.4.7.7** List the types of early retirement factors your system can handle (i.e. actuarial equivalent, simplified, subsidized early, etc.). Can your system apply different early retirement factors to different eligibility requirements (like benefits accrued before and after a specific date and/or for retirement from different statuses)? How does your system handle the determination of the achievement of special unreduced early retirement provisions? Do you have other clients with special early retirement provisions in their plan?
- 5.4.7.8** Describe how your system can handle the adjustment of the benefit for a rehired participant who previously received a distribution of employee contributions or a lump sum of prior benefits. Is it adjusted systematically or is manual intervention

required? Does your system track prior lump sum distributions that have been paid?

- 5.4.7.9** What is the extent of your actuarial support, if needed, during day-to-day administration for such things as actuarial equivalent calculations, QDRO split calculations, etc.?
- 5.4.7.10** Describe in detail your processes and procedures surrounding de minimus lump sums less than \$1,000 and between \$1,000 and \$5,000.
- 5.4.7.11** How does your system handle the determination of eligibility for early retirement, normal retirement, etc.?
- 5.4.7.12** Is this continually from the individual participant indicative data or determined at initial eligibility in the plan and set in the participant's records?
- 5.4.7.13** Do you generate annual statements to terminated vested participants?
- 5.4.7.14** How do you administer the restoration of accruals for participants who return from military leave? Are such restorations handled manually or systematically?
- 5.4.7.15** Explain how you administer suspension of benefits provisions. How do you administer Suspension of Benefits for retirees who have been rehired and whose retirement benefits must be suspended?
- 5.4.7.16** How do you handle soft or hard benefit freezes in a pension plan in your system? If the County decided to no longer provide a defined benefit for new employees or all employees (i.e. migrate to a defined contribution plan, what would be the reduction in your ongoing fees to adjust for the change in administration work needed?
- 5.4.7.17** How is your system and administration processes set up to handle the impact on participant benefits of any funding-related restrictions imposed by any regulation? Please include discussions about coordination with the actuary for the plan, changes to the system calculation processing, changes to election forms, handling transition situations, and any required notifications to participants.
- 5.4.7.18** Describe how your system or administrators handle service adjustments for rehire and leave of absence situations.
- 5.4.7.19** Provide examples of annual benefit statements you can produce from your system. Can these statements be customized? If customization is a different cost, identify and include in your cost proposal.
- 5.4.7.20** Do you provide your clients with information for any client-required reporting purposes?

- 5.4.7.21** For County requested reporting information, not included with your standard reports offered, are there additional fees required for such ad-hoc requests? What if the reporting need is ongoing on a periodic basis?
- 5.4.7.22** With regard to contributory plans, does your system calculate non-taxable and taxable portions of the benefit for pension payments? Does it calculate the tax basis on lump sum refunds of employee contributions, where there is a remaining employer benefit?
- 5.4.7.23** Provide your death benefit processing procedures. The County will be issuing the payment however the vendor will be required to assist the County with final calculations.
- 5.4.7.24** How do you handle post-retirement flat dollar death benefits? Does your system allow for multiple beneficiaries for benefit elections? If so, how do you administer these?
- 5.4.7.25** Do you have the capability to accept electronic copies of the County's forms (such as beneficiary designations and completed retirement applications) to keep in your database? Do you keep beneficiary information online?
- 5.4.7.26** Identify if there is any difference in the responsibilities identified in 4.4.2 for your company to provide administration services with respect to benefit calculations and estimates?
- 5.4.7.27** Do you provide an administrative or procedures manual that includes a timeline of critical dates, roles, and responsibilities?
- 5.4.7.28** Does your system provide for in-service distributions for participants beyond their required beginning date?
- 5.4.7.29** Describe how your database supports such in-service distributions.
- 5.4.7.30** Can your system handle COLA pension increases or ad-hoc COLAs for retired participants? How does your system handle the calculation of active retirement results to reflect automatic COLAs?
- 5.4.7.31** Is the system capable of doing 4-point interpolation between ages in Joint Life Tables?
- 5.4.7.32** Describe your service standards and turnaround time for the completion of the following: Issuance of annual defined benefit participant statements; transaction confirmation statements; plan level administrative reports; estimated pension quotation, final pension quotation; qualified domestic relations order (QDRO) processing.

5.4.8 Address regulatory and compliance services;

- 5.4.8.1** Describe your ability to ensure regulatory compliance for the County and how you address any issues that occur.
- 5.4.8.2** Please provide a current statement on standards for attestation agreements (SSAE) 16 audit of your pension administration services/systems, or any other recent audit you have performed.
- 5.4.8.3** Please acknowledge and describe in detail your fiduciary responsibility with respect to the County's pension plan.
- 5.4.8.4** How will you ensure that the Plan administration remains in compliance?
- 5.4.8.5** How do you ensure that your recordkeeping system is in compliance with all applicable rules and regulations?
- 5.4.8.6** How quickly are any such regulatory changes reflected in the system?
- 5.4.8.7** Do you provide a client with plan information needed for any public reporting needs?
- 5.4.8.8** What resources do you have to obtain legal opinions, interpretations of laws, regulations, and other matters pertaining to pension plans?
- 5.4.8.9** If the County wanted a detailed review conducted of your pension administration processing over a specific period, would you allow on-site access to the reviewing third-party to interview your staff members who perform the administration?

5.4.9 Address Annual Plan Audit;

- 5.4.9.1** What assistance do you provide to your clients for any conducted audits?
- 5.4.9.2** Please provide a listing of documentation and reporting that would be included in support of an audit.
- 5.4.9.3** Do you offer any performance guarantees with respect to delivering information for such an audit?
- 5.4.9.4** What audit assistance do you provide to your clients for their internal/external auditors? Please outline your process for assisting your clients' auditors and discuss any standard audit information provided and your typical time commitment to providing such assistance.

5.4.10 Address systems capability

- 5.4.10.1** Describe your documented disaster recovery plan. How often do you test your recovery system?

- 5.4.10.2** Where is your main data processing center located? Where is your back-up center located?
- 5.4.10.3** Describe your maintenance and back-up procedures including daily back-ups, retention timetable and off-site back-up storage approach.
- 5.4.10.4** Describe any system outages within the last three years and how have they been handled? Has any liability resulted from these outages and are there any pending claims related to these outages?
- 5.4.10.5** Please explain your disaster recovery plans and procedures to handle the following situations: Loss of inbound telecommunications services by the carrier; Individual system failure including the following systems: private branch exchange (PBX), interactive voice response (IVR), application server, case management system; loss of power; loss of daily backup/natural disaster.
- 5.4.10.6** Provide information on how short outages (2 hours or less) vs. prolonged outages (more than 2 hours) would be handled.
- 5.4.10.7** How often and how is your backup plan tested?
- 5.4.10.8** Please describe the most severe disaster that has occurred at your facility and explain the cause, how it was handled, and what steps were taken to prevent future occurrences.
- 5.4.10.9** Describe in detail your procedures and safeguards used to guarantee security for your hardware and facility, authorized access to data, confidentiality of data, and security for any hard copy of plan related data or documents. Are internal controls of our system audited by an independent accounting firm on an annual or more frequent basis? If so, who conducts the audit?
- 5.4.10.10** How are participant and/or plan sponsor requests for changes made? (e.g., online submission of beneficiary information, etc.)
- 5.4.11** Address technology systems, software and database
 - 5.4.11.1** What system technologies or functionality separates you from your competition?
 - 5.4.11.2** Describe any electronic data interchange (EDI) functionality that may be in use.
 - 5.4.11.3** Describe any batch processes and scheduling capability available for client use.
 - 5.4.11.4** What is the software change management process (versioning, dating, etc.)?
 - 5.4.11.5** Do upgrades require any downtime? If so please explain duration, etc.
 - 5.4.11.6** How are systems problem reports and resolutions documented?

- 5.4.11.7** What kind of system upgrades and expenditures are planned and scheduled for the next eighteen (18) months?
- 5.4.11.8** Describe the database capacity planning guidelines for initial setup and future requirements.
- 5.4.11.9** What database and version is being used for your application? Please describe any and all that may be used throughout the application.
- 5.4.11.10** What access level restrictions apply to the data?
- 5.4.11.11** Are stored procedures used, and if so, to what extent and for what functionality?
- 5.4.11.12** Are you familiar with applicable government data protection regulations, and are all governmental data protection regulations being adhered to?
- 5.4.12** Address security.
- 5.4.12.1** Please provide information about the security of the facility where the participant data will reside. Comment on the security of key data elements such as SSNs, dates of birth, etc. and the steps maintained within facility and within your administration unit to protect it.
- 5.4.13** Address reporting and Participant communications.
- 5.4.13.1** Describe the standard reporting package that you would provide the County (provide samples).
- 5.4.13.2** Will the County be able to generate these reports and other reports on-line?
- 5.4.13.3** What types of demographic participant data will you be able to provide?
- 5.4.13.4** Describe your flexibility to produce ad-hoc plan level reports.
- 5.4.13.5** Describe your standard participant statements and documents (provide samples).
- 5.4.13.6** Describe your customization capabilities for branding participant statements.
- 5.4.13.7** Do you have the flexibility to include a section for customized messages from the County on participant statements?
- 5.4.13.8** Will you provide participants with onsite, group education and retirement planning sessions or pre-retirement seminars on an on-going basis at no additional cost? (Yes/No). If yes, please list the titles of the subjects that are covered in your program. No description necessary.

5.4.13.9 Do you offer video or web-based educational programs to participants and retirees? (Yes/No) If yes, please list the classes/courses currently available. You are not required to provide descriptions.

5.4.13.10 Describe the County's role in the communication and education process.

5.4.13.11 To what extent can the County customize communication and education materials (e.g., plan name, logos)? Please state if there would be additional charges for customizing or editing these communication materials.

5.4.13.12 Are you willing to provide customized surveys to assess the success of the education program? (Yes/No).

5.4.14 Complete the Worker Protection and Investment Certification Form BOP-2201, Attachment D.

5.5 Conflict of Interest.

5.5.1 Each Proposal shall include a conflict of interest statement indicating whether or not any principals in the Proposer, their spouse, or their child is employed by the County of Berks, and whether or not the Proposer or any individuals providing Services has a possible conflict of interest, and, if so, the nature of that conflict. Furthermore, Proposers shall complete the Non-Collusion Affidavit Form attached to this RFP as Attachment C and submit an executed copy with its Technical Proposal.

5.5.2 To preserve the integrity of County employees and elected officials and to maintain public confidence in the RFP process, the County prohibits the solicitation or acceptance of anything of value by a County employee or elected official from any person seeking to initiate or maintain a business relationship with County departments, boards, commissions, and agencies.

5.5.3 Proposers shall not pay any salaries, commissions, fees, or make any payments or rebates to any employee, elected official of the County or their designees. Nor shall any Proposer favor any employee, elected official of the County or their designees with gifts or entertainment of significant cost or value, or with services or goods sold at less than full market value.

5.5.4 The County reserves the right to disqualify a Proposer or cancel an award of the Agreement if any interest disclosed from any source could either give the appearance of a conflict or cause speculation as to the objectivity of the program to be performed by the Proposer. The County's determination regarding any question of conflict of interest shall be final.

5.6 Subcontractors

5.6.1 Subcontractors will not be allowed.

5.7 Insurance

Each Proposer must provide with its Proposal a sample certificate of insurance evidencing, at minimum, the insurance coverage types and levels set forth in the Proposed Form of Agreement and General Conditions.

5.8 Counter Terms

The Proposer shall specify at the time it submits its Proposal any exceptions or objections taken to this RFP or the Proposed Form of Agreement and General Conditions, attached hereto as Attachment A, for the County to consider when evaluating the Proposal. Each provision the Proposer takes exception to shall be specifically identified (including a citation to the paragraph such provision is found) with the Proposer's suggested modification. It is understood that the Proposer takes no exception to the provisions of the RFP and form of Agreement not specifically identified as an exception or objection in this section of its Proposal.

5.9 Project Schedule

Proposals shall include the Proposer's planned project schedule including expected completion time periods for each task defined in Section 4 - Specifications, and an expected completion time period for the overall project.

5.10 Alternative Proposals

Proposers are encouraged to review the scope of Services created by the County and the various task requirements called for within the scope of the Specification. If the Proposer believes that there are alternate methods for meeting any of the RFP requirements different than those envisioned by the County, the Proposer should detail these and submit them as a separate section within the Proposal.

5.11 Price Proposal (the paper and electronic Price Proposal shall be submitted in a separate sealed envelope).

5.11.1 Complete and submit Attachment F, Price Proposal.

5.11.1.1. The Agreement resulting from the award of this RFP will be for a fixed fee and cost per unit amount. The County will make payment within forty-five days of receipt of a properly prepared invoice for services satisfactorily performed. The successful Proposer may submit an invoice after the completion of each task set forth on Attachment F, Price Proposal. The amount invoiced must coincide with the amount proposed for each respective task/unit of service.

6 SECTION 6 - Evaluation Criteria and Process

6.1 A committee of County personnel will review and evaluate Proposals submitted in response to this RFP ("Evaluation Committee"). The proceedings of the Evaluation Committee are confidential. Members of the Evaluation Committee are not to be contacted by the Proposers. All communication between a Proposer and the County shall be through George Rodrigues, Director, Contracts & Procurement.

6.2 Proposals will be evaluated against the following criteria using a pass/fail determination.

- 6.2.1** Financial stability of the Proposer (based on our examination of the required financial statements).
 - 6.2.2** Compliance with the essential minimum experience and qualifications of the Proposer.
 - 6.2.3** Compliance with the essential minimum experience and qualifications of the program team members.
 - 6.2.4** Evidence of sufficient levels of insurance coverage.
- 6.3** Proposals must pass this first-tier evaluation to move on to the second-tier evaluation described below.
- 6.3.1** Proposals will be evaluated against the following criteria using point-rated scoring:
 - 6.3.1.1** Ability (Resource Commitment) – The Proposer’s ability to perform the required service expeditiously. The Proposer must have the resources to be capable of meeting the required program completion schedule.
 - 6.3.1.2** Competence (Qualifications of Personnel) – The Proposer’s competence in performing the required Services as indicated by the training, education and experience of the personnel assigned to the program team. The Proposer must have in its possession all appropriate and required certifications, permits, and licenses.
 - 6.3.1.3** Past Performance – The Proposer’s past performance on similar programs. If the County cannot verify references based on the information provided in the Proposal, the scoring for this criteria factor may be affected.
 - 6.3.1.4** Quality and Feasibility (Technical & Organizational Approach) – The quality and feasibility of the Technical Proposal and the Proposer’s understanding of the program’s requirements and the overall goals and objectives of the program.
 - 6.3.1.5** Proposal Content/Format – The Proposal’s compliance with the content and format requirements of the RFP.
 - 6.3.1.6** Price.

ATTACHMENT A – PROPOSED FORM OF AGREEMENT AND GENERAL CONDITIONS

AGREEMENT

THIS AGREEMENT (“Agreement”) is entered into by and between the **County of Berks** with offices at Berks County Services Center, 633 Court Street, Reading, Pennsylvania, 19601 (hereinafter “County”) and **Vendor** with offices at [] (hereinafter “Vendor”).

Background

The County desires to engage the Vendor for the provision of actuarial and pension administration services in accordance with the requirements set forth in the County’s Request for Proposal #25-12-GR inclusive of all addendums (“RFP”), and Vendor’s Proposal thereto dated **Month Day, Year**, both of which are incorporated in this Agreement by reference.

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

1. Definitions

Capitalized terms not defined herein shall have the meaning set forth in the RFP.

2. Engagement

Subject to the terms and conditions set forth in this Agreement, the County hereby engages the Vendor to perform the Services set forth in the RFP on behalf of the County consistent with the terms of this Agreement.

3. Term of Agreement

This Agreement shall be effective January 1 2026 through December 31, 2028 unless terminated in accordance with the terms and conditions of this Agreement.

4. Scope of Work

The Services shall include, without limitation, actuarial and pension administration services as per RFP #25-12-GR.

5. Time is of the Essence

Time is of the essence in the performance of this Agreement. The schedule for the performance of Services is identified in RFP #25-12-GR. If the completion of Services is delayed, the County reserves the right, without liability, and in addition to its other rights and remedies, to terminate this Agreement by notice, and to procure substitute Services from another vendor. The Vendor shall reimburse the County for the costs to procure substitute Services.

**ATTACHMENT A – PROPOSED FORM OF AGREEMENT
AND GENERAL CONDITIONS**

6. Fees

As set forth in Vendor's Price Proposal dated _____, including the Best & Final Offer dated _____ and attached as Exhibit A.

7. Notices and Program Manager

All necessary coordination and communication required to carry out this Agreement, including meetings between the parties, as well as all written notices, shall be done through the individuals indicated below. Written notices shall be effective when delivered by hand, or if sent by registered or certified mail, or verified facsimile, or by confirmed courier to the address of each party indicated below.

| | <i>County:</i> | <i>Vendor:</i> |
|-----------|---|----------------|
| Attention | Jessica Weaknecht Director of Human Resources | |
| Address | 633 Court Street 8th Floor, Services Center Reading, PA 19601 | |
| Telephone | 610-478-6118 x5109 | |
| Fax | 610-478-6139 | |
| Email | JWeaknecht@berkspa.gov | |

Written notices shall be copied to: County of Berks, Attn: Christine Sadler, County Solicitor, Berks County Services Center, 633 Court Street, 14th Floor, Reading, PA, 19601. Fax: 610-478-6139

8. Invoicing / Payment

- 8.1. **Invoices must reference the above noted Agreement number.** Original invoices shall be submitted via email to: County of Berks Benefits Manager at WPennington@berkspa.gov.
- 8.2. Vendor must submit the invoice within ten (10) days of the close of the month in which Services were rendered.
- 8.3. Vendor may submit invoices no more than once per month for Services properly performed under this Agreement. No advance payments or billings are allowed. Payment by the County shall require the submittal of an itemized invoice, which shall include, but not be limited to, a description of the Services performed, the associated fee for each task, and the date(s) of performance for each task. The County shall render payment within forty-five (45) days of the County's receipt of a properly prepared invoice. Payment shall be considered made when the County mails the check. Undisputed amounts unpaid after thirty (30) days of the County's receipt of a properly prepared invoice shall bear interest at a rate of three percent (3%) per annum.
- 8.4. Overpayment to the Vendor resulting from any reason, including but not limited to errors, contract limitations, actual or audited cost adjustments, or non-compliance with applicable policies and procedures shall be repaid to County promptly, but in no event more than thirty (30) days, following the discovery of such overpayment by Vendor or demand by County.

ATTACHMENT A – PROPOSED FORM OF AGREEMENT AND GENERAL CONDITIONS

9. Insurance

- 9.1. The Vendor, at its sole expense, shall carry and maintain, in full force at all times during the term of this Agreement, the following insurance coverages:
- 9.1.1. Comprehensive General Liability insurance covering bodily injury and property damage with limits of not less than \$1,000,000 per occurrence and \$2,000,000 aggregate;
 - 9.1.2. Commercial Automobile Liability insurance with a combined single limit of not less than \$1,000,000;
 - 9.1.3. Professional Liability insurance with limits of not less than \$1,000,000 per occurrence and \$2,000,000 aggregate;
 - 9.1.4. Umbrella/Excess Liability insurance with limits of not less than \$2,000,000 per occurrence and \$2,000,000 aggregate; and
 - 9.1.5. Worker's Compensation insurance in statutory limits; and Employer's Liability insurance with limits of not less than \$100,000 each accident, \$500,000 disease-policy limit, and \$100,000 disease-each employee.
 - 9.1.6. Cyber/Privacy Liability coverage for third party liability and first party damage costs associated with a data breach or computer crime at a limit of \$1,000,000.
- 9.2. Prior to the commencement of the performance of Services, Vendor shall furnish to the County a certificate of insurance evidencing all required coverage with at least the limits required herein, naming the County of Berks, its elected officials, agents, and employees as Additional Insured for "ongoing operations" and "products and completed operations" for a period of three (3) years after final payment under the Commercial General Liability Coverage. Coverage should be provided by ISO Endorsements CG20 10 04 13 and CG 20 37 04 13 or their equivalent. Vendor's Commercial General Liability and Umbrella/Excess Policy shall be Primary to and will not require contribution from any other insurance under which the Additional Insured is a Named Insured. To the fullest extent permitted by applicable state law, all policies shall contain a Waiver of Subrogation Clause. The County of Berks reserves the right to waive the waiver of subrogation for any and all worker's compensation policies that are provided under the State Worker's Insurance Fund (SWIF). The Certificate shall note the program and provide that no policies may be cancelled without thirty (30) days advance notice to the County. Such certificate shall be issued to: County of Berks, Attn: Contract Coordinator, 633 Court Street, 13th Floor Services Center, Reading, PA 19601. All insurance policies shall be in effect with companies holding an A.M. Best rating of "A-" or better or financial rating of IX or better with the A.M. Best's Company Key Rating, Guide Latest Edition and shall be licensed or authorized to do business in the Commonwealth of Pennsylvania. Such companies shall also be acceptable to the County. Said policies shall remain in full force and effect until the expiration of the terms of the Agreement or until completion of all duties to be performed hereunder by the Vendor, whichever shall occur later.

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10. Precedence

Where a conflict exists between the RFP and the Vendor's Proposal, the Vendor shall provide the higher quality or quantity of Services except as specifically addressed in this Agreement. Where a conflict exists between these General Conditions and RFP or the Vendor's Proposal, the terms of these General Conditions shall prevail.

11. Availability of Appropriated Funds

The parties agree that any and all payments due from the County, as required under the terms of the Agreement, are contingent upon the availability of appropriated funds.

12. Taxes

The County is exempt from all Federal excise and transportation taxes, and Pennsylvania sales and use tax. The County's registration number with the Internal Revenue Service is 23-6003049. No exemption certificates are required, and none will be issued. Nothing in this paragraph is meant to exempt the Vendor from the payment of any applicable sales tax or use tax required to be paid with respect to its purchase or use of tangible personal property used or transferred in connection with its performance of Service. Only the County is required by law to pay any excise tax and then seek a refund or credit, the Vendor may separately charge the County the amount of the tax as a reimbursable expense.

13. Ownership of Work Product

The County, its departments, employees, agents, or assigns shall have the unrestricted right and authority to reproduce, distribute and use in whole or in part any submitted report or written materials generated by the Vendor in the performance of this Agreement. The ownership and right of control of all reports, records, and supporting documents prepared in connection with the services contemplated herein shall vest exclusively with the County and shall remain, at all times, at the Vendor's Office, with a copy sent to the County, however, that Vendor shall have such right of access to such reports, records, and supporting documentation as necessary for the provision of professional services hereunder. The Vendor shall notify the County Point of Contact for this agreement, who then shall notify other affected County Officials, anytime the Vendor receives a request for County records.

14. Patents, Copyrights, Trademarks

Vendor warrants, represents and covenants that the Goods and the sale and use thereof do not infringe directly or indirectly any valid patent, copyright, property right or trademark and Vendor agrees, at its cost and expense, to indemnify and hold the County free and harmless from and against any and all costs, expense, liabilities or damages, including attorneys' fees, arising out of alleged or actual patent, copyright, property right, trademark or trade secret infringement resulting from the sale or use of deliverables provided in the performance of Services.

15. Records, Audit, and Inspection

- 15.1. Vendor shall maintain such records as may be necessary to adequately reflect the accuracy of Vendor's charges and invoices for reimbursement under this Agreement and such other additional records as the County may reasonably require in connection with this Agreement. Vendor shall preserve such records in accordance with statutory requirements, but in no case for less than three (3) years after the date of final payment, without additional reimbursement or compensation therefor. The County and its duly authorized representatives shall have the right, from time to time, and upon reasonable notice, to audit, inspect and verify the records kept by Vendor in connection with this Agreement. The County and its duly authorized

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representatives shall have the right to visit, observe, audit, and inspect, during the Vendor's normal business hours, Vendor's production and related facilities utilized to perform its obligations under this Agreement.

15.2. **Monitoring**

15.2.1. Vendor shall make available to County during the term of this Agreement all pertinent financial, program, administrative and personnel records, reports, documents, and files related directly or indirectly to Vendor's activities under and compliance with this Agreement.

16. **Warranty**

Vendor warrants to the County that all Services shall be done in a skilled manner and shall comply with industry standards. Vendor shall promptly re-perform Services, after receiving notification from the County of defects or nonconformance.

17. **Indemnity**

Vendor agrees to indemnify and hold harmless the County, its elected officials, employees and agents from and against any and all liability, damages, claims, suits, liens, and judgments (including reasonable attorney's fees), of whatever nature, for injuries to or death of any person or persons, or loss of or damage to property, to the extent attributable to the negligent acts or omissions or willful misconduct of Vendor or its subcontractors or any of their respective agents, servants, or employees or Vendors' failure to perform in accordance with the provisions of this Agreement.

18. **Force Majeure**

Neither party shall be liable for any failure or delay in its performance resulting from any reasonably foreseeable cause beyond its reasonable control including, but not limited to, acts of God; acts or omissions of civil or military authority; fires, floods; unusually severe weather; strikes or other labor disputes; embargoes; wars; political strife; riots; delays in transportation; sabotage; or fuel, power, material or labor shortages, provided that the affected party notifies the other party, in writing, within forty-eight (48) hours subsequent to the commencement of an occurrence of force majeure.

19. **Additional Services**

In the event the Vendor determines that any alteration, modification or addition to the Services is necessary ("Additional Services"), the Vendor shall submit a proposal to the County setting forth in reasonable detail the scope of such Additional Services, the estimated time and price of performing the Additional Services and any potential impact on the then-existing Services and any fees related thereto. The Vendor shall obtain the prior written approval from the County before performing any Additional Services. The Vendor shall not be entitled to additional compensation for any work or materials associated with Additional Services unless it received such approval. If approved by the County, the Vendor shall perform or cause to be performed such Additional Services in accordance with the terms of this Agreement.

20. **Termination for Convenience**

The County reserves the right, at any time and for its convenience, to terminate this Agreement in whole or in any separable part by written notice to Vendor. Such notice shall be provided at least thirty (30) days prior to the intended termination date. Vendor shall be compensated for Services performed in accordance with the provisions of this Agreement up to the effective date of termination, less any

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payments previously made by the County for such Services, but in no event shall Vendor be entitled to recover lost or expected profit or termination expenses.

21. Termination for Cause

- 21.1. In the event that either the Vendor or the County defaults in the performance of any obligation specified herein, the non-defaulting party shall notify the other party in writing and may suspend the Agreement, in whole or in part, pending remedy of the default. If such default is not remedied within fifteen (15) days from the date of receipt of such notice, or if the other party is diligently attempting to cure such default but is unable to cure such default within thirty (30) days from the date of receipt of such notice, then the non-defaulting party shall have the right to terminate the Agreement immediately by providing written notice of termination to the other party.
- 21.2. In the event of such notice of breach, and a failure to cure same, all finished or unfinished documents, dates of studies and reports prepared by Vendor shall at the option of the County become its property and Vendor shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents through the date of termination.
- 21.3. Notwithstanding the above, Vendor shall not be relieved of any liability to the County for damages sustained by the County by virtue of any breach of the Agreement by Vendor. The County may withhold any payments to Vendor for the purpose of set off until such time as the exact amount of damage due the County from Vendor is determined.
- 21.4. In the event that a Vendor's agreement is terminated, whether for cause or through nonrenewal, and a new Vendor is awarded the agreement, the existing Vendor must participate in a plan of transition as developed by County. This plan may include a gradual transfer of consumers to the new agency prior to the end of the existing Vendor's agreement period.
- 21.5. Existing Vendors are prohibited from communicating with consumers regarding changes in Vendor agencies. County will notify all consumers in writing regarding the change in service Vendor.
- 21.6. If this Agreement is only terminated by County in part, Vendor shall continue performance of this Agreement to the extent not terminated, provided, however, that said continuation by Vendor shall take place only after County's evaluation of any and all surrounding circumstances.
- 21.7. After the effective date of any termination by County and except as otherwise stated by County, Vendor shall:
 - 21.7.1. Stop work under this Agreement to the extent specified in such termination notice.
 - 21.7.2. Place no further orders and/or agreements for materials, services and/or facilities except as may be necessary for completion of any such portion of work under this Agreement that is not subject to termination.

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- 21.7.3. Terminate any and all orders and/or contracted work to the extent that relates to the performance of any work terminated.
- 21.7.4. Settle any and all outstanding liabilities and any and all claims arising out of any such termination of orders and/or agreements, to the extent County may require, and/or upon County's written approval of any such settlement.
- 21.7.5. Return to County any and all funds received not expended for any services and/or materials pursuant to this Agreement.
- 21.8. The remedies set forth above shall be cumulative and shall be in addition to any and all other rights and remedies otherwise available to the County at law or in equity.
- 21.9. If, during the term of this Agreement, Vendor shall be adjudged bankrupt, make a general assignment for the benefit of its creditors, or become insolvent, Vendor shall give the County written notice of such occurrence as soon as is legally permissible. If such occurrence or proposed occurrence is unacceptable to the County, the County may terminate this Agreement immediately upon written notice thereof to Vendor.
- 21.10. If the County terminates this Agreement for cause, in whole or in part, the County may acquire, correct, or replace Services similar to those terminated, by contract or otherwise, and the Vendor shall reimburse the County for any costs incurred by the County thereby, or an equitable reduction to the Vendor's compensation shall be made.

22. Claims for Consequential and/or Incidental Damages

The Vendor waives claims against the County for lost or expected profits, consequential damages and/or incidental damages arising out of or relating to this Agreement.

23. Release of Liens

Before any payment hereunder shall become due, the County, at its option, may require Vendor to furnish reasonable evidence of the payment of all subcontractor accounts for labor and materials pertaining to Vendor's performance hereunder. Prior to payment, the County reserves the right to require Vendor to furnish the County with a full and complete release of liens from all persons furnishing labor and materials toward the performance hereof, and in any event, Vendor agrees to indemnify and hold harmless the County, its officials, employees and agents from and against any and all liens and encumbrances arising out of Vendor's performance of this Agreement.

24. Assignment

Vendor shall not assign this Agreement in whole or in part nor delegate any duties, without the prior written consent of the County. Such consent shall not be unreasonably withheld. Any assignment consented to by the County shall be evidenced by a written assignment agreement executed by the Vendor and its assignee in which the assignee agrees to be legally bound by all of the terms and conditions of the original Agreement and to assume the duties, obligations, and responsibilities being assigned.

25. Publicity

Neither Vendor nor any tier subcontractor shall use the name of the County or quote the opinion of any County employee in any advertising, publicity, endorsement or testimonial, without the prior written approval of the County.

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26. Compliance with Laws

In the performance of this Agreement, Vendor shall comply with all applicable laws, ordinances, rules, and regulations of governmental authorities. Vendor shall minimize pollution and shall strictly comply with all applicable environmental laws and regulations. Vendor shall give required notices, and secure and pay for any permits, licenses, and easements required for performance of services. The Vendor shall give any and all necessary formal notices required in conjunction with the lawful prosecution of the Services.

27. Health and Safety

The Vendor shall, at all times, control the health, safety and welfare of its employees and subcontractors. Vendor shall:

- 27.1. comply with all federal, state, and local regulations, as well as all safety information and instructions as may be set forth in writing or otherwise provided by the County;
- 27.2. promptly report to the County all incidents with potentially adverse safety, health, or environmental implications, including slips, falls, equipment malfunctions, fume releases and any situation requiring first-aid or medical observations or treatment;
- 27.3. promptly report to the County all cases Vendor determines to be recordable on the OSHA 300 log or its equivalent and upon request, provide the County with a copy of the OSHA 300 log and all supporting forms;
- 27.4. properly maintain, inspect, and supervise its designated work area and roadways to keep them in reasonably safe condition;
- 27.5. supply the applicable Material Safety Data Sheet (MSDS) on all products supplied to the County or used on County property;
- 27.6. use, handle, store and dispose of any hazardous materials or waste while on the County's property in strict compliance with applicable laws and as instructed in the Material Safety Data Sheet(s); and
- 27.7. keep the County's property free of waste as the work progresses and, on completion of such activities, leave the site "broom clean" and tools, equipment and materials furnished shall be so placed and maintained as to permit unobstructed access to the work and to minimize exposure to personal injury or fire loss in a location approved by the County. The County may remove waste or store Vendor's tools, equipment, and materials if Vendor fails to properly do so and the Vendor shall reimburse the County for any costs incurred, including charges for employee time, within seven (7) days of demand.

28. Equal Employment Opportunity

- 28.1. In accordance with (2 CFR § 200.326), Appendix II, the Vendor shall comply to the applicable provision in accordance with Executive Order 11246, "Equal Employment Opportunity" (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment

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- Opportunity,” and implementing regulations at 41 CFR part 60, “Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor.”
- 28.2. During the performance of the Agreement, the Vendor shall not discriminate against any employees or applicant for employment because of race, color, religion, sex, or national origin. The Vendor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer, recruitment, or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Vendor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this paragraph.
- 28.3. Vendor shall, in advertisements or requests for employment placed by it or on its behalf, state that all qualified applicants will receive consideration for employment without regard to race, color, religious creed, handicap, ancestry, national origin, age, or sex.
- 28.4. Vendor shall send each labor union or workers’ representative with which it has a collective bargaining agreement or other Contracts or understanding, a notice advising said labor union or workers’ representative of its commitment to this non-discrimination clause. Similar notice shall be sent to every other source of recruitment regularly utilized by Vendor.
- 28.5. It shall be no defense to a finding of noncompliance with this non-discrimination clause that Vendor had delegated some to its employment practices to any union, training program, or other source of recruitment that prevents it from meeting its obligations. However, if the evidence indicates that the Vendor was not on notice of the third-party discrimination or made a good faith effort to correct it, such factor shall be considered in mitigation in determining appropriate sanctions.
- 28.6. Where the practices of a union or any training program or other source of recruitment will result in the exclusion of minority group persons, so that Vendor will be unable to meet its obligations under this non-discrimination clause, Vendor shall then employ and fill vacancies through other non-discriminatory employment procedures.
- 28.7. Vendor shall comply with all state and federal laws prohibiting discrimination in hiring or employment opportunities. In the event of Vendor’s noncompliance with the non-discrimination clause of this Agreement or with any such laws, this Agreement may be terminated or suspended, in whole or in part, and Vendor may be declared temporarily ineligible for further Agreements, and other sanctions may be imposed and remedies invoked.
- 28.8. Vendor shall furnish all necessary employment documents and records to, and permit access to its books, records, and accounts by, the contracting agency for purposes of investigation to ascertain compliance with the provisions of this clause. If Vendor does not possess documents or records reflecting the necessary information requested, it shall furnish such information on reporting forms supplied by the contracting agency.
- 28.9. Vendor shall include the provisions of this non-discrimination clause in every Agreement, so that such provisions will be binding upon each subcontractor.

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- 28.10. Vendor obligations under this clause are limited to the Vendor's facilities within Pennsylvania or, where the Agreement is for purchase of goods manufactured outside of Pennsylvania, the facilities at which such goods are actually produced.

29. Independent Contractor

The employees, subcontractors, methods, facilities, and equipment used by Vendor shall be at all times under Vendor's direction and control. Vendor's relationship to the County under this Agreement shall be that of an independent contractor, and nothing in this Agreement shall be construed to constitute Vendor, its subcontractors or any of their employees as an employee, agent, associate, joint venturer, or partner of the County.

30. Employees of Vendor

- 30.1. Vendor agrees that each of its employees will be properly qualified and will use reasonable care in the performance of services while on County property. If the County, in the County's sole opinion, determines, for any reason, that the qualifications, actions or conduct of any particular Vendor employee is inconsistent with Vendor's obligations under this Agreement by performing unsatisfactory services, interfering with the operation of the County's facilities, bothering or annoying any occupants, visitors, or other vendors then at facility, or that such actions or conduct is otherwise detrimental to the County, then upon the County's written notice, Vendor shall immediately provide a qualified replacement.

- 30.2. Vendor shall advise its employees and the employees of its subcontractors and agents that:

- 30.2.1. It is the policy of the County of Berks to provide a drug-free work environment. To that end the County prohibits the consumption of alcohol or illegal use, possession, sale, manufacture, dispensing, and distribution of drugs or other controlled substances while performing Services or on County property on the work site, and prohibits in the workplace the presence of an individual with such substances in the body for non-medical reasons.

Any employee of Vendor who is found in violation of the policy may be removed or barred from the work site at the discretion of the County.

31. Governing Law and Jurisdiction

This Agreement shall be interpreted under the substantive law of the Commonwealth of Pennsylvania, without giving effect to its principles of conflicts of law. EACH PARTY IRREVOCABLY CONSENTS TO THE EXCLUSIVE JURISDICTION AND VENUE OF THE COURT OF COMMON PLEAS OF BERKS COUNTY, COMMONWEALTH OF PENNSYLVANIA, AND IRREVOCABLY AGREES THAT ALL ACTIONS OR PROCEEDINGS BETWEEN THE PARTIES, INCLUDING, BUT NOT LIMITED TO, THOSE ACTIONS OR PROCEEDINGS RELATING TO THIS AGREEMENT, SHALL BE LITIGATED IN SUCH COURT.

32. Subcontractors

- 32.1. Subcontractors are not permitted to be utilized in the direct performance of the services outlined under this Agreement.

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- 32.2. Notwithstanding the foregoing, the Vendor shall not subcontract with or employ any entity or individual who is currently suspended or debarred by the Commonwealth of Pennsylvania or federal government during the term of this Agreement or any extensions or renewals thereof. The County shall have the right to require the Vendor to terminate such subcontracts or employment at no cost to the County. The Vendor agrees to reimburse the County for costs and expenses incurred due to the Vendor's noncompliance with the terms of this certification requirement. For further details regarding debarment refer to Clause 46.

33. Severability

The provisions of this Agreement shall be deemed to be severable. Consequently, in the event that any provision of this Agreement is found to be void or unenforceable, such findings shall not be construed to render any other provision of this Agreement either void or unenforceable, and all other provisions shall remain in full force and effect unless the provisions which are void or unenforceable shall substantially affect the rights or obligations granted to or undertaken by either party.

34. Reservation of Rights

Either party's waiver of any of its remedies afforded hereunder or by law is without prejudice and shall not operate to waive any other remedies which such party shall have available to it, nor shall such waiver operate to waive such party's rights to any remedies for future breach, whether of a like or different character. Furthermore, any termination or assignment of this Agreement shall not relieve or release either party hereto from any rights, liabilities, or obligations which it has accrued under law or under the terms of this Agreement prior to the date of such termination or assignment.

35. Funds from Private Sources

Not Applicable – Intentionally Omitted

36. Special Efforts in Employment

Not Applicable – Intentionally Omitted

37. Regulations

This Agreement is subject to the provisions set forth in the following regulations: 28 Code of Federal Regulations Part 38, 45 Code of Federal Regulations Part 75 and 2 CFR 200 "Uniform Administrative Requirements, Cost principles and Audit Requirements for Federal Awards"; 45 Code of Federal Regulations Part 81 – Practice and Procedure for Hearings under Part 80 of this Title; and 45 Code of Federal Regulations Part 90 – Nondiscrimination of the Basis of Age.

- 37.1. In carrying out this Agreement, the Vendor and any subcontractors shall minimize pollution and shall strictly comply with all applicable environmental laws and regulations. (Clean Streams Law, Act of June 22, 1937, P.L. 1987, as amended, the Pennsylvania Solid Waste Management Act, Act of July 7, 1980, P.L. 380, as amended and the Water Obstructions Act, Act of June 25, 1913, P.L. 555, as amended.)
- 37.2. Services shall be provided in compliance with 25 Pa. Code_151 et seq., relating to Environmental Health and Safety regulations for food protection, and 34 Pa. Code_50.1 et seq., relating to Fire and Panic regulations.

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- 37.3. The Vendor agrees to comply with the provisions of the Uniform Relocation Assistance and Real Property Acquisition Act, the Flood Disaster Protection Act, and the Commonwealth Motor Vehicle Procurement Act. When applicable, the Vendor agrees to comply with the provisions of the National Historic Preservation Act, Executive Order 11593 and the Archaeological and Historic Preservation Act.
- 37.4. The Vendor agrees to fully comply with the Integrity Provisions set forth below and any changes or modification made thereto.
- 37.5. The Vendor agrees to comply with the provisions of the Older Americans Act, as amended Section 312 and 321(b), Protecting Federal Reversionary Interest in Multipurpose Senior Centers.
- 37.6. The Vendor agrees to comply with the provisions of the Drug-Free Workplace Act of 1998 in 41 U.S.C. Chapter 10, s. 701, et seq.
- 37.7. The Vendor agrees to comply with and is subject to all applicable provisions of 41 U.S.C. 4172, including prohibitions on reprisal and notice to employees.
- 37.8. All claims against the County respecting any matter pertaining to this Agreement or any part thereof shall be referred to the Board of Claims (under the Act of May 20, 1937, P.L. 728, as amended).
- 37.9. The Vendor agrees to comply with 28 CFR Part 38, “Partnerships with Faith Based and Other Neighborhood Organizations.”
- 37.10. Pursuant to Executive Order 13513, “Federal Leadership on Reducing Text Messaging While Driving,” 74 Fed. Reg 51225. The County encourages Vendor to adopt and enforce policies banning employees from text messaging while driving any vehicle during the course of performing work funded by this contract and to establish workplace safety policies and conduct education, awareness and other outreach to decrease crashes cause by distracted drivers.
- 37.11. In the performance of this Agreement, Vendor shall comply with all applicable laws, ordinances, rules, and regulations of governmental authorities. Vendor shall minimize pollution and shall strictly comply with all applicable environmental laws and regulations. Vendor shall give required notices, and secure and pay for any permits, licenses, and easements required for performance of services. The Vendor shall give any and all necessary formal notices required in conjunction with the lawful prosecution of the Services.
- 37.12. In accordance with 2 CRF Part 200, Section 200.318, Vendor attests to the following:
 - 37.12.1. That no employee, officer, or agent of the Vendor that participates in the selection, award, or administration of this contract has a real or apparent conflict of interest. Such a conflict of interest would arise when an employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

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- 37.12.2. The officers, employees, and agents of the Vendor may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontractors.
- 37.12.3. The Vendor’s standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity/County.
- 37.13. In accordance with (2 CFR § 200.326), Appendix II, the Vendor shall comply to the applicable provisions as follows:
- 37.13.1. Davis-Bacon Act, as amended (40 U.S.C. 3141-3148)
- Not Applicable – Intentionally Omitted
- 37.13.2. Copeland “Anti-Kickback” Act (40 U.S.C. 3145)
- Not Applicable – Intentionally Omitted
- 37.13.3. Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708)
- Not Applicable – Intentionally Omitted
- 37.13.4. Rights to Inventions Made Under a Contract or Agreement which shall be applicable for federal funding streams that meet the definition of “funding agreement” under 37 CFR §401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that “funding agreement,” the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by the awarding agency.
- 37.13.5. Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended.
- 37.13.5.1. Applicable for contracts and subgrants of amounts in excess of \$150,000. Vendor must comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).
- 37.13.6. Byrd Anti-Lobbying Amendment (31 U.S.C. 1352)

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- 37.13.6.1. Vendors with an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.
- 37.13.7. Procurement of Recovered Materials - §200.322
- 37.13.7.1. Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

38. Grievance Procedure

Not Applicable – Intentionally Omitted

39. Notice Required

All notices, informational pamphlets, press releases, research reports, and similar public notices prepared and released by the Vendor shall be pre-approved by the County and include the statement, "This program is funded, in part, under an Agreement with money allocated by the Berks County Commissioners.

40. Budget Flexibility

Not Applicable – Intentionally Omitted

41. Earnings of Funds

- 41.1. Receipt of funds from County, by advance or reimbursement, does not constitute earnings of funds; funds are earned only when an allowable cost is incurred. Any unearned funds paid to Vendor shall be repaid by check to County no later than thirty (30) days after notification by County that said funds are due and owing.
- 41.2. Should the "County" determine that there are accruals (under spending) in the contract, the "entity" shall have the right to reduce the contract by the accrual amount, with 30 days written notice to the Vendor. Vendor has the right to request a meeting within the 30-day period to review the accrual calculation and present information to amend the accrual amount. This right to reduce shall only be utilized by the "entity" when accruals are present and not as a means to modify the scope or term of the contract.

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42. Program-Budget Changes

Not Applicable – Intentionally Omitted

43. Eligibility Determination

Not Applicable – Intentionally Omitted

44. Claims Against the County

Not Applicable – Intentionally Omitted

45. Integrity Provisions

45.1. It is essential that those who seek to contract with the County observe high standards of honesty and integrity. They must conduct themselves in a manner that fosters public confidence in the integrity of the County procurement process.

45.2. In furtherance of this policy, Vendor agrees to the following:

45.2.1. Vendor shall maintain the highest standards of honesty and integrity during the performance of this Agreement and shall take no action in violation of state or federal laws or regulations or any other applicable laws or regulations or other requirements applicable to Vendor or that governs contracting with the County and Commonwealth.

45.2.2. Vendor shall establish and implement a written business integrity policy, which includes, at a minimum, the requirements of these provisions as they relate to Vendor employee activity with the County and Commonwealth; County and Commonwealth employees, and which is distributed and made known to all Vendor employees.

45.2.3. Vendor, its affiliates, agents and employees shall not influence, or attempt to influence any County or Commonwealth employee to breach the standards of ethical conduct for County or Commonwealth employees set forth in the *Public Official and Employees Ethics Act, 65 Pa.C.S. §§1101 et seq.*; the *State Adverse Interest Act, 71 P.S. §776.1 et seq.*; and the *Governor's Code of Conduct, Executive Order 1980-18, 4 Pa. Code §7.151 et seq.*, or to breach any other state or federal law or regulation.

45.2.4. Vendor, its affiliates, agents and employees shall not offer, give or agree or promise to give any gratuity to a County and/or Commonwealth official or employee or to any other person at the direction or request of any County and/or Commonwealth official or employee.

45.2.5. Vendor, its affiliates, agents and employees shall not offer, give or agree or promise to give any gratuity to a County official or employee or to any other person, the acceptance of which would violate the *Governor's Code of Conduct, Executive Order 1980-18, 4 Pa. Code §7.151 et seq.* or any statute, regulation, statement of policy, management directive or any other published standard of the County and Commonwealth.

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- 45.2.6. Vendor, its affiliates, agents and employees shall not, directly or indirectly, offer, confer, or agree to confer any pecuniary benefit on anyone as consideration for the decision, opinion, recommendation, vote, other exercise of discretion, or violation of a known legal duty by any County or Commonwealth official or employee.
- 45.2.7. Vendor, its affiliates, agents, employees, or anyone in privity with him or her shall not accept or agree to accept from any person, any gratuity in connection with the performance of work under the agreement, except as provided in the Agreement.
- 45.2.8. Vendor shall not have a financial interest in any other provider, subcontractor or supplier providing services, labor or material on this program, unless the financial interest is disclosed to the County in writing and the County consents to Vendor's financial interest prior to County execution of the agreement. Vendor shall disclose the financial interest to the County at the time of bid or proposal submission, or if no bids or proposals are solicited, no later than Vendor's submission of the agreement signed by Vendor.
- 45.2.9. Vendor must promptly refer to the Department of Justice Office of the Inspector General (OIG) any credible evidence that a principal, employee, agent, subrecipient, contractor subcontractor or other person has, in connection with funds under this award (1) submitted a claim that violates the False Claims Act or (2) committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity or similar misconduct. Potential fraud, waste, abuse or misconduct involving or relating to funds under this contract should be reported to the OIG by (1) mail directed to: Office of the Inspector General, U.S. Department of Justice, Investigations Division 950 Pennsylvania Avenue, N.W. Room 4706, Washington, DC 20530; (2) email to oig.hotline@usdoj.gov and/or (3) the DOJ OIG hotline: at (800) 869-4499 (phone) or (202) 616-9881. Additional information is available from the DOJ OIG website at <http://www.usdoj.gov/oig>.
- Link above is provided for your reference and is subject to change. It shall be the responsibility of the Vendor to determine and utilize the appropriate site for said database.
- 45.2.10. Restrictions and certifications regarding non-disclosure agreements and related matters.
- 45.2.10.1. Vendor shall not require any employee or contractor to sign an internal confidentiality agreement or statement that prohibits or otherwise restricts or purports to prohibit or restrict the reporting (in accordance with law) of waste, fraud, or abuse to an investigative or law enforcement representative of federal department or agency authorized to receive such information.
- 45.2.10.2. The foregoing is not intended, and shall not be understood by, to contravene requirements applicable to Standard Form 312 (which relates to classified information). Form 4414 (which relates to sensitive compartmental information), or any other form issued by a federal department or agency governing the nondisclosure of classified information.

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- 45.2.10.3. In accepting this Agreement, the Vendor
- 45.2.10.3.1. represents that it neither requires nor has required internal confidentiality agreements or statements from employees or contractors that currently prohibit or otherwise currently restrict (or purport to prohibit or restrict) employees or contractors from reporting waste, fraud, or abuse as described above; and
 - 45.2.10.3.2. certifies that if it learns or is notified that it is or has been requiring its employees or contractors to execute agreements or statements that prohibit or otherwise restrict (or purport to prohibit or restrict), reporting of waste, fraud, or abuse as described above, it will immediately stop any further obligations of award funds, will provide prompt written notification to the federal agency whom has awarded these grant funds and will resume (or permit resumption of) such obligations only if expressly authorized to do so by that agency.
- 45.2.10.4. If the Vendor does or is authorized to make subawards (“subgrants”), or engage a procurement contractor to perform services under this Agreement:
- 45.2.10.4.1. it represents that
 - 45.2.10.4.1.1. it has determined that no other entity that the Vendor’s application proposes may or will receive award funds (whether through a subaward (“subgrant”), procurement contract, or subcontract under a procurement contract) either requires or has required internal confidentiality agreements or statements from employees or contractors that currently prohibit or otherwise currently restrict (or purport to prohibit or restrict) employees or contractors from reporting waste, fraud, or abuse as described above; and
 - 45.2.10.4.2. it has made appropriate inquiry, or otherwise has an adequate factual basis, to support this representation; and
 - 45.2.10.4.3. it certifies that if it learns or is notified that any subrecipient contractor or subcontractor entity that receives funds under this agreement is or has been requiring its employees or contractors to execute agreements or statements that prohibit or otherwise restrict (or purport to prohibit or restrict), reporting of waste, fraud, or abuse as described above, the County, will immediately stop any further obligations of agreement funds to or by that entity, will provide prompt written notification to the federal agency making this award, and will resume (or permit resumption of) such obligations only if expressly authorized to do so by that agency.
- 45.2.11. Vendor, its affiliates, agents and employees shall not disclose to others any information, documents, reports, data or records provided to, or prepared by, Vendor under this agreement without the prior written approval of the County, except as required by the *Pennsylvania Right-to-Know Law*, 65 P.S. §§67.101-3104, or other

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applicable law or as otherwise provided in this Agreement. Any information, documents, reports, data, or records secured by Vendor from the County or a third party in connection with the performance of this agreement shall be kept confidential unless disclosure of such information is:

- 45.2.11.1. Approved in writing by the County prior to its disclosure; or
 - 45.2.11.2. Directed by a court or other tribunal of competent jurisdiction unless the agreement requires prior County approval; or
 - 45.2.11.3. Required for compliance with federal or state securities laws or the requirements of national securities exchanges; or
 - 45.2.11.4. Necessary for purposes of Vendor's internal assessment and review; or
 - 45.2.11.5. Deemed necessary by Vendor in any action to enforce the provisions of this Agreement or to defend or prosecute claims by or against parties other than the County; or
 - 45.2.11.6. Permitted by the valid authorization of a third party to whom the information, documents, reports, data, or records pertain; or
 - 45.2.11.7. Otherwise required by law.
- 45.2.12. Vendor certifies that neither it nor any of its officers, directors, associates, partners, limited partners or individual owners has been officially notified of, charged with, or convicted of any of the following and agrees to immediately notify the County agency granting officer in writing if and when it or any officer, director, associate, partner, limited partner or individual owner has been officially notified of, charged with, convicted of, or officially notified of a governmental determination of any of the following:
- 45.2.12.1. Commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements or receiving stolen property.
 - 45.2.12.2. Commission of fraud or a criminal offense or other improper conduct or knowledge of, approval of or acquiescence in such activities by Vendor or any affiliate, officer, director, associate, partner, limited partner, individual owner, or employee or other individual of entity associated with:
 - 45.2.12.2.1. Obtaining;
 - 45.2.12.2.2. Attempting to obtain; or
 - 45.2.12.2.3. Performing a public grant or subgrant

Vendor's acceptance of the benefits derived from the conduct shall be deemed evidence of such knowledge, approval, or acquiescence.

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- 45.2.12.3. Violation of federal or state antitrust statutes.
- 45.2.12.4. Violation of any federal or state law regulating campaign contributions.
- 45.2.12.5. Violation of any federal or state environmental law.
- 45.2.12.6. Violation of any federal or state law regulating hours of labor, minimum wage standards or prevailing wage standards; discrimination in wages; or child labor violations.
- 45.2.12.7. Violation of the *Act of June 2, 1915 (P.L.736, No. 338)*, known as the *Workers' Compensation Act*, 77 P.S. 1 et seq.
- 45.2.12.8. Violation of any federal and state law prohibiting discrimination in employment, including but not limited to 28 FR Part 42.
- 45.2.12.9. Debarment by any agency or department of the federal government or by any other state.
- 45.2.12.10. Any other crime involving moral turpitude or business honesty or integrity.

Vendor acknowledges that the County may, in its sole discretion, terminate the agreement for cause upon such notification or when the County otherwise learns that Vendor has been officially notified, charged, or convicted.
- 45.2.13. If this Agreement was awarded to Vendor on a non-bid basis, Vendor must, (as required by *Section 1641* of the *Pennsylvania Election Code*) file a report of political contributions with the Secretary of the Commonwealth on or before February 15 of the next calendar year. The report must include an itemized list of all political contributions known to Vendor by virtue of the knowledge possessed by every officer, director, associate, partner, limited partner, or individual owner that has been made by:
 - 45.2.13.1. Any officer, director, associate, partner, limited partner, individual owner or members of the immediate family when the contributions exceed as aggregate of one thousand dollars (\$1,000) by any individual during the preceding year; or any employee or members of his immediate family whose political contribution exceeded one thousand dollars (\$1,000) during the preceding year.
 - 45.2.13.2. To obtain a copy of the report form, Vendor shall contact the Bureau of Commissioners, Elections and Legislation, Division of Campaign Finance and Lobby Disclosure, Room 210, North Office Building, Harrisburg, PA 17120.
- 45.2.14. Vendor shall comply with requirements of the *Lobbying Disclosure Act, 65 Pa.C.S. § 13A01 et seq.*, and the regulations promulgated pursuant to that law. Vendor employee activities prior to or outside of formal Commonwealth procurement communication protocol are considered lobbying and subjects the Vendor employees to the registration

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and reporting requirements of the law. Actions by outside lobbyists on Vendor's behalf, no matter the procurement stage, are not exempt and must be reported.

- 45.2.15. When Vendor has reason to believe that any breach of ethical standards as set forth in law, the Governor's code of Conduct, or in these provisions has occurred or may occur, including but not limited to contact by a Commonwealth officer or employee which, if acted upon, would violate such ethical standards, Vendor shall immediately notify the Commonwealth granting officer or Commonwealth Inspector General in writing.
- 45.2.16. Vendor, by submission of its bid or proposal and/or execution of this agreement by the submission of any bills, invoices or requests for payment pursuant to the grant, certifies and represents that it has not violated any of these integrity provisions in connection with the submission of the bid or proposal, during any agreement negotiations or during the term of the Agreement.
- 45.2.17. Vendor shall cooperate with the Office of Inspector General in its investigation of any alleged Commonwealth employee breach of ethical standards and any alleged Vendor non-compliance with these provisions. Vendor agrees to make identified Vendor employees available for interviews at reasonable times and places. Vendor, upon the inquiry or request of the Office of Inspector General, shall provide, or if appropriate, make promptly available for inspection or copying, any information of any type or form deemed relevant by the Inspector General to Vendor's integrity and compliance with these provisions. Such information may include, but shall not be limited to, Vendor's business or financial records, documents or files of any type or form that refers to or concern this Agreement.
- 45.2.18. For violation of any of these Integrity Provisions, the County may terminate that and any other agreement with Vendor, claim liquidated damages in an amount equal to the value of anything received in breach of these provisions, claim damages for all additional costs and expenses incurred in obtaining another Vendor to complete performance under this Agreement, and debar and suspend Vendor from doing business with the County. These rights and remedies are cumulative, and the use or non-use of anyone shall not preclude the use of all or any other. These rights and remedies are in addition to those the Commonwealth may have under law, statute, regulation or otherwise.
- 45.2.19. For purposes of these Integrity Provisions, the following terms shall have the meanings found in this Clause 45.
- 45.2.19.1. "Confidential information" means information that a) is not already in the public domain; b) is not available to the public upon request; c) is not or does not become generally known to Vendor from a third party without an obligation to maintain its confidentiality; d) has not become generally known to the public through an act or omission of Vendor; or e) has not been independently developed by Vendor without the use of confidential information of the County or Commonwealth.

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- 45.2.19.2. “Consent” means written permission signed by a duly authorized officer or employee of the County or Commonwealth, provided that where the material facts have been disclosed, in writing, by pre-qualification, bid, proposal, or grantual terms, the County or Commonwealth shall be deemed to have consented by virtue of execution of this Agreement.
- 45.2.19.3. “Vendor” means the individual or entity that has entered into this Agreement with the County, including those directors, officers, partners, managers, and owners having more than a five percent interest in Vendor.
- 45.2.19.4. “Financial interest” means:
- 45.2.19.4.1. Ownership of more than a five percent interest in any business; or
 - 45.2.19.4.2. Holding a position as an officer, director, trustee, partner, employee or holding any position of management.
- 45.2.19.5. “Gratuity” means tendering, giving or providing anything of more than nominal monetary value including, but not limited to, cash, travel, entertainment, gifts, meals, lodging, loans, subscriptions, advances, deposits of money, services, employment or grants of any kind. The exceptions set forth in the Governor’s Code of Conduct, Executive Order 1980-18, the 4 Pa. Code §7.153(b), shall apply.
- 45.2.19.6. “Immediate family” means a spouse and any unemancipated child.
- 45.2.19.7. “Non-bid basis” means a grant awarded or executed by the County with Vendor without seeking bids or proposals from any other potential bidder or offeror.
- 45.2.19.8. “Political contribution” means any payment, gift, subscription, assessment, grant, payment for services, dues, loan, forbearance, advance or deposit of money or any valuable thing, to a candidate for public office or to a political committee, including but not limited to a political action committee, made for the purpose of influencing any election in the Commonwealth of Pennsylvania or for paying debts incurred by or for a candidate or committee before or after any election.

46. Debarment/Tax Liabilities

- 46.1. For the purpose of these provisions, the term vendor is defined as any person, including, but not limited to, a bidder, offeror, loan recipient, provider, or subcontractor, who has furnished or seeks to furnish goods, supplies, services, or leased space, or who has performed or seeks to perform construction activity under contract, subcontract, grant or subgrant with the County, or with a person under contract, subcontract, grant, or subgrant with the County or its state-affiliated entities, and state-related institutions. The term vendor may include a permittee, licensee, or any agency, political subdivision, instrumentality, public authority, or other entity of the County.

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- 46.1.1. The Vendor must certify, in writing, for itself and all its subcontractors, that as of the date of its execution of any County contract, that neither the Vendor, nor any subcontractors, nor any suppliers are under suspension or debarment by the Commonwealth or any governmental entity, instrumentality, or authority and, if the Vendor cannot so certify, then it agrees to submit, along with the bid/proposal, a written explanation of why such certification cannot be made.
 - 46.1.1.1. The Vendor must also certify, in writing, that as of the date of its execution, of any County contract it has no tax liabilities or other County or Commonwealth obligations.
 - 46.1.1.2. The Vendor's obligations pursuant to these provisions are ongoing from and after the effective date of the contract through the termination date thereof. Accordingly, the Vendor shall have an obligation to inform the contracting agency if, at any time during the term of the contract, it becomes delinquent in the payment of taxes, or other County or Commonwealth obligations, or if it or any of its subcontractors are suspended or debarred by the Commonwealth, the federal government, or any other state or governmental entity. Such notification shall be made within 15 days of the date of suspension or debarment.
- 46.1.2. The failure of the Vendor to notify the contracting agency of its suspension or debarment by the Commonwealth, any other state, or the federal government shall constitute an event of default of the contract with the County.
- 46.1.3. The Vendor agrees to reimburse the County and or Commonwealth for the reasonable costs of investigation incurred by the Office of State Inspector General for investigations of the Vendor's compliance with the terms of this or any other agreement between the Vendor and the County, which results in the suspension or debarment of the Vendor. Such costs shall include, but shall not be limited to, salaries of investigators, including overtime; travel and lodging expenses; and expert witness and documentary fees. The Vendor shall not be responsible for investigative costs for investigations that do not result in the Vendor's suspension or debarment.
- 46.1.4. Vendor is required to screen their employees and contractors, both individuals and entities, to determine if they have been excluded from participation in Medicare, Medicaid, or any other federal health care program. Vendor will immediately notify County of any discovered exclusion of an employee or contractor, either an individual or entity.
- 46.1.5. All employees, vendors, contractors, service providers, and referral sources should be screened for exclusion before employing and/or contracting with them and, if hired, should be rescreened on an ongoing monthly basis to capture exclusions and reinstatements that have occurred since the last search.
- 46.1.6. Vendor will develop and maintain auditable documentation of screening efforts, including dates the screenings were performed and the source data checked and its date of more recent update; and periodically conduct self-audits to determine compliance with this requirement.

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46.1.7. Vendor will use the following databases to determine exclusion status:

- 46.1.7.1. *Pennsylvania Medichck List*: a data base maintained by the Pennsylvania Department of Human Services (“DHS”) that identifies providers, individuals, and other entities that are precluded from participation in Pennsylvania’s MA Program:

<https://www.humanservices.state.pa.us/Medchk/MedchkSearch/Index>

Link above is provided for your reference and is subject to change. It shall be the responsibility of the Vendor to determine and utilize the appropriate site for said database.

If an individual’s resume indicates that he/she has worked in another state, providers should also check that state’s individual list.

- 46.1.7.2. *List of Excluded Individuals/Entities (LEIE)*: data base maintained by HHS-OIG that identifies individuals or entities that have been excluded nationwide from participation in any federal health care program. An individual or entity included on the LEIE is ineligible to participate, either directly or indirectly, in the MA Program. Although the DHS makes best efforts to include on the Medichck List all federally excluded individuals/entities that practice in Pennsylvania, providers must also use the LEIE to ensure that the individual/entity is eligible to participate in the MA Program:

https://oig.hhs.gov/exclusions/exclusions_list.asp

Link above is provided for your reference and is subject to change. It shall be the responsibility of the Vendor to determine and utilize the appropriate site for said database.

- 46.1.7.3. Excluded Parties List System (EPLS): worldwide database maintained by the General Services Administration (GSA) that provides information about parties that are excluded from receiving Federal contracts, certain subcontracts, and certain Federal financial and nonfinancial assistance and benefits:

<https://www.sam.gov/>.

Link above is provided for your reference and is subject to change. It shall be the responsibility of the Vendor to determine and utilize the appropriate site for said database.

- 46.1.7.4. Vendor shall immediately self-report any discovered exclusion of an employee or contractor, either an individual or an entity, to the Bureau of Program Integrity either:

46.1.7.4.1. Via e-mail through the MA Provider Compliance form at the following link:

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<https://expressforms.pa.gov/apps/pa/DHS/MA-Provider-Compliance-Hotline>

46.1.7.4.2. By U.S. mail at the following address:

Department of Human Services
Office of Administration
Bureau of Program Integrity
Commonwealth of Pennsylvania
P.O. Box 2675
Harrisburg, PA 17105-2675

46.1.7.4.3. By fax at: 1-717-772-4655 or 1-717-772-4638.

46.1.7.4.4. Vendor shall copy the County on any notice given to the Bureau of Program Integrity in the manner and at the address provided for giving notices to the County in this Agreement.

46.1.7.5. Vendor shall develop and maintain auditable documentation of screening efforts, including dates the screenings were performed and the source data checked and its date of most recent update.

46.1.7.6. Vendor shall periodically conduct self-audits to determine compliance with this requirement.

46.1.7.7. Vendor shall provide evidence of compliance with these requirements to the County within ten (10) days following a request by the County.

46.1.7.8. The Vendor may obtain a current list of suspended and debarred Commonwealth providers by accessing:

46.1.7.8.1. The Commonwealth of Pennsylvania - Debarment and Suspension List online at the website below:

<https://www.dgs.internet.state.pa.us/debarmentsearch/debarment/index>

or contacting the:

Department of General Services
Office of Chief Counsel
603 North Office Building
Harrisburg, PA 17125
Telephone No: 717-783-6472
Fax No: 717-787-9138

46.1.7.8.2. The Worker Protection and Labor Law Non-Compliance List online at the website below:

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<https://www.dli.pa.gov/Pages/Non-Compliance-List.aspx>

46.1.7.9. It shall be the responsibility of the Vendor to determine and utilize the appropriate site for said database.

47. Examination of Records

- 47.1. Vendor shall maintain books, records, documents, and other evidence and accounting procedures and practices, sufficient to reflect properly all direct and indirect costs of whatever nature claimed to have been incurred for the performance of this Agreement. The foregoing constitutes "records" for the purpose of this section. Vendor agrees that a program and facilities review, including meetings with consumers, review of service records, review of service policy and procedural issuances, review of staffing rations and job descriptions, and meetings with any staff directly or indirectly involved in the provision of services may be conducted at any reasonable time by State and Federal personnel and other persons duly authorized by the Area Agency. If Vendor is not a public body, Vendor agrees to maintain books, records, documents, and other evidence and accounting procedures and practices which comply with the nationally accepted Uniform Standards of Accounting and Financial Reporting for Voluntary Health and Welfare Organizations, as published by the National Health Council and the National Social Welfare Assembly, 1964.
- 47.2. Vendor facilities or such part thereof as may be utilized in the performance of this Agreement and Vendor's records shall be subject at all reasonable times to inspection and audit by the Commonwealth and Federal auditors and other persons duly authorized by the Area Agency.
- 47.3. Vendor agrees that until the expiration of five years after final payment under this Agreement, Federal and Commonwealth auditors and other persons duly authorized by the Area Agency shall have access to and the right to examine any records of the Vendor involving transactions related to this Agreement. Vendor may, in fulfillment of Vendor's obligation to retain Vendor's records, substitute photographs, microphotographs, or other authentic reproductions of such records after the expiration of two years following the last date of reimbursement to the Vendor.
- 47.4. Vendor agrees to collect statistical data of a fiscal nature on a regular basis and to make fiscal statistical reports at time prescribed by, and on forms furnished by the Area Agency.
- 47.5. If this Agreement is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of four years from the date of any resulting final settlement. In addition, records which relate to litigations or the settlement of claims arising out of the performance of this Agreement, or costs and expenses of this Agreement as to which exception has been taken by the Auditors, shall be retained by the Vendor until such litigations, claims, or exceptions have been disposed of.
- 47.6. During the period of this Agreement, all information obtained by the Vendor shall be made available to the Area Agency immediately upon demand.

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48. Progress Reports

- 48.1. The Vendor and its subcontractors shall furnish to the County such progress and periodic reports in such form and quantity as the County may from time to time require, including but not limited to, status reports of the program, proposed budgets, invoices, copies of all contracts executed and proposed and any and all other information relative to the program as may be requested.
- 48.2. In the event that the County determines that the Vendor or its subcontractors have not furnished such reports as required by the County, the County, by giving written notice to the Vendor, may suspend payments under this Agreement, until such time as the required reports are submitted.

49. Rights In Data: Copyrights and Disclosure

- 49.1. Definition: The term "data" as used herein, includes written reports, drawings, studies, computer programs, and work of any similar nature that is required to be delivered under this Agreement. It does not include Vendor's financial reports or other information incidental to Agreement's administration.
- 49.2. Rights in Data: Data submitted to and accepted by the County under this Agreement shall be the property of the County and it shall have full right to use such data for any official purpose in whatever manner deemed desirable and appropriate. Such use shall be without any additional payment to or approval by the Vendor.
- 49.3. Copyrights: Vendor relinquishes any and all copyrights and/or privileges to data developed under this Agreement. Vendor shall not include in the data any copyrighted matter without the written approval of the County unless Vendor provides the County with written permission of the copyright owner for the County to use such copyrighted matter in a manner provided herein. Vendor shall exert all reasonable effort to advise the County, at the time of delivery of data furnished under this Agreement, of all invasions of the right to privacy contained therein. The Vendor shall defend any suit or proceeding brought against the County on account of any alleged infringement of any copyright arising out of the performance of this Agreement, including all work, services, materials, reports, studies, and computer programs provided by the Vendor. This is upon the condition that the County shall provide prompt notification in writing of such suit or proceedings, full right, authorization, and opportunity to conduct the defense thereof, and full information and all reasonable cooperation for the defense of the same. As principles of governmental or public law are involved, the County may participate in the defense of any such action. The Vendor shall pay all damages and costs awarded therein against the County. If information and assistance are furnished by the C County at Vendor's written request, it shall be at the Vendor's expense, but the responsibility for such expense shall be only that within the Vendor's written authorization. If any of the materials, reports, studies, or computer programs provided by the Vendor are in such suit or proceeding held to constitute infringement and the use of publication thereof is enjoined, the Vendor shall, at his/her own expense and at his/her option, either procure the right to publish or continue use of such infringing materials, reports, studies, or computer programs, replace them with non-infringing items, or so modify them so

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that they are no longer infringing. The obligations of the Vendor under this paragraph continue without time limit.

50. Americans with Disabilities Act

Pursuant to federal regulations promulgated under the authority of the Americans with Disabilities Act, 28 C.F.R. §35.101 *et seq.*, the Vendor understands and agrees that no individual with a disability shall, on the basis of the disability, be excluded from participation in this Agreement or from the activities provided for under this Agreement. As a condition of accepting and executing this Agreement, the Vendor agrees to comply with the “General Prohibitions Against Discrimination,” 28 C.F.R. §35.130, and all other regulations promulgated under Title II of the Americans with Disabilities Act which are applicable to the benefits, services, programs and activities provided by the Commonwealth of Pennsylvania through contracts with outside providers.

51. Nondiscrimination/Sexual Harassment Clause

51.1. During the term of the Agreement, Vendor agrees as follows:

- 51.1.1. In the hiring of any employee(s) for the manufacture of supplies, performance of work, or any other activity required under the Agreement or any contract or subcontract, the Vendor, a contractor, a subcontractor, or any person acting on behalf of the Vendor shall not, by reason of gender, race, creed or color, discriminate against any citizen of this Commonwealth who is qualified and available to perform the work to which the employment relates.
- 51.1.2. The Vendor, contractor or any subcontractor or any person on their behalf shall not in any manner discriminate against or intimidate any of its employees on account of gender, race, creed, or color.
- 51.1.3. The Vendor, contractor or any subcontractor shall establish and maintain a written sexual harassment policy and shall inform their employees of the policy. The policy must contain a notice that sexual harassment will not be tolerated and employees who practice it will be disciplined.
- 51.1.4. The Vendor, contractor or any subcontractor shall not discriminate by reason of gender, race, creed or color against any contractor, subcontractor or supplier who is qualified to perform the work to which the agreement relates.
- 51.1.5. The Vendor, any contractor or any subcontractor shall, within the time periods requested by the County, furnish all necessary employment documents and records and permit access to their books, records and accounts by the County and the Bureau of Minority and Women Business Opportunities (BMWBO), for the purpose of ascertaining compliance with provisions of this Nondiscrimination/Sexual Harassment Clause.
- 51.1.6. The Vendor, any contractor or subcontractor shall include the provisions of this Nondiscrimination/Sexual Harassment Clause in every contract or subcontract so that those provisions applicable to contractors or subcontractors will be binding upon each contractor or subcontractor.

ATTACHMENT A – PROPOSED FORM OF AGREEMENT AND GENERAL CONDITIONS

- 51.1.7. The County may cancel or terminate the agreement and all money due or to become due under the agreement may be forfeited for a violation of the terms and conditions of this Nondiscrimination/Sexual Harassment Clause. In addition, County may proceed with debarment or suspension and may place the Vendor, contractor, or subcontractor in the Contractor Responsibility File.

52. Set Off Clause

The Vendor agrees that the County may set off the amount of any county or state tax liability or other obligation of the Vendor or its subsidiaries to the County against any payments due the Vendor under any contract with the County.

53. Property and Supplies

Not Applicable – Intentionally Omitted

54. Right to Know Law

- 54.1. The Pennsylvania Right-to-Know Law (“RTKL”), 65 P.S. §§ 67.101-3104, applies to this Agreement.
- 54.2. Unless the Vendor provides the County, in writing, with the name and contact information of another person, the County shall notify the provider using the Vendor information provided by the Vendor in this Agreement if the County needs the Vendor’s assistance in any matter arising out of the RTKL. The Vendor shall notify the County in writing of any change in the name or the contact information within a reasonable time prior to the change.
- 54.3. Upon notification to the Vendor that the County has received a request for records under the RTKL related to this Agreement that may be in the Vendor’s possession, constituting or alleged to constitute, a public record in accordance with the RTKL (“Requested Information”), the Vendor shall:
- 54.3.1. Provide the County, within five (5) business days after receipt of the County’s written notification, access to, and copies of, any document or information in the Vendor’s possession arising out of this Agreement that the County reasonably believes is Requested Information and may be a public record under the RTKL; and
 - 54.3.2. Provide such other assistance as the County may reasonably request, in order to comply with the RTKL with respect to this Agreement.
- 54.4. If the Vendor considers the Requested Information to include a request for a Trade Secret or Confidential Proprietary Information, as those terms are defined by the RTKL, or information that the Vendor considers exempt from production under the RTKL, the Vendor must notify the County and provide within five (5) business days of receiving the County’s written notification, a written statement signed by a representative of the Vendor explaining why the requested material is exempt from public disclosure under the RTKL.
- 54.5. The County will rely upon the written statement from the Vendor in denying a RTKL request for the Requested Information unless the County determines that the Requested Information

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- is clearly not protected from disclosure under the RTKL. If the County denies a RTKL request in reliance upon Vendors written statement and the denial is appealed, Vendor agrees to fully participate in any RTKL appellate proceedings.
- 54.6. If the Vendor fails to provide the Requested Information within the time period required by these provisions, the Vendor shall indemnify and hold the County harmless for any damages, penalties, costs, detriment or harm that the County may incur as a result of the Vendor's failure, including any statutory damages assessed against the County.
- 54.7. The County will reimburse the Vendor for any costs associated with complying with these provisions only to the extent allowed under the fee schedule established by the Office of Open Records or as otherwise provided by the RTKL if the fee schedule is inapplicable.
- 54.8. The Vendor may file a legal challenge to a decision by the County's decision to release a record to the public with the Office of Open Records, or in the Pennsylvania Courts, however, the Vendor shall indemnify the County for any legal expenses incurred by the County as a result of such a challenge and shall hold the County harmless for any damages, penalties, costs, detriment or harm that the County may incur as a result of the Vendor's failure, including any statutory damages assessed against the County, regardless of the outcome of such legal challenge. As between the parties, the Vendor agrees to waive all rights or remedies that may be available to it as a result of the County's disclosure of Requested Information pursuant to the RTKL.
- 54.9. The Vendor's duties relating to the RTKL are continuing duties that survive the expiration of the Agreement and shall continue as long as the Vendor has Requested Information in its possession.

55. Federal and State Audit Requirements

- 55.1. Vendor must comply with all federal and state audit requirements including: the Single Audit Act, as amended, 31 U.S.C. 7501 *et seq*; 2 CFR Part 200 "Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards", as amended; and any other applicable law or regulation and any amendment to such other applicable law or regulation which may be enacted or promulgated by the state or federal government.
- 55.2. If the Vendor is a local government or non-profit organization and expends total federal awards during its fiscal year in an amount at or exceeding the threshold listed in 2 CFR Part 200, received either directly from the federal government or indirectly from a recipient of federal funds, Vendor is required to have an audit made in accordance with the provisions of 2 CFR Part 200 "Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards".
- 55.3. If the Vendor is a for-profit organization and expends total federal awards during its fiscal year in an amount at or exceeding the threshold listed in 2 CFR Part 200, received either directly from the federal government or indirectly from a recipient of federal funds, Vendor is required to have a program-specific audit made in accordance with the provisions of 2 CFR Part 200 "Uniform Administrative Requirements, Cost Principles and Audit Requirements for

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- Federal Awards” and in accordance with the laws and regulations governing the programs in which it participates.
- 55.4. If the Vendor expends total federal awards of less than the threshold listed in 2 CFR Part 200 during its fiscal year, it is exempt from these audit requirements but is required to maintain auditable records of federal and any state funds which supplement such awards and to provide access to such records by federal and state agencies or their designees.
- 55.5. In the event an audit is required, the Vendor is responsible for obtaining the required audit and securing the services of a certified public accountant or other independent governmental auditor. The audit shall be completed, and the report submitted to the County no later than 90 days after the close of the agreement period.
- 55.6. In the event that an audit is performed that is not mandated by applicable federal laws or regulations, Vendor shall not charge its costs of the audit to federal funding streams.
- 55.7. Vendor shall maintain adequate and sufficiently detailed records of all the services provided pursuant to this Agreement to permit an evaluation of finances and performance, which records shall be open at all reasonable times for inspection by the County, federal, state and county agencies or their authorized representatives. The County and any competent federal, state or county agency or their authorized representatives shall have the right to inspect, audit and copy Vendor’s records during normal business hours. The County shall provide fourteen (14) days’ notice to Vendor in the event of such an audit.
- 55.8. The County shall advise Vendor of any discrepancies in adherence to this Agreement. Vendor upon receipt of such notification hereby agrees to promptly correct any discrepancies to the satisfaction of the County.
- 55.9. Vendor shall maintain and make available such books, records and documents related to this Agreement for five (5) years from the termination of this Agreement, or until all disputes have been resolved to the satisfaction of the County or by final decision or judgment, or as otherwise required by applicable federal or state laws and regulations, whichever is greater.

56. Assurance of Compliance

- 56.1. The Vendor hereby agrees that it will comply with:
- 56.1.1. Title VI of the Civil Rights Act of 1964 (Pub. L. 88-352), as amended, and all requirements imposed by or pursuant to the Regulations of the Department of Health and Human Services (45 C.F.R. Part 80), to the end that, in accordance with Title VI of that Act and the Regulations, no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the Vendor receives Federal financial assistance from the County.
- 56.1.2. Section 504 of the Rehabilitation Act of 1973 (Pub. L. 93-112), as amended, and all requirements imposed by or pursuant to the Regulations of the Department of Health and Human Services (45 C.F.R. Part 84), to the end that, in accordance with Section

ATTACHMENT A – PROPOSED FORM OF AGREEMENT AND GENERAL CONDITIONS

504 of that Act and the Regulations, no otherwise qualified individual with a disability in the United States shall, solely by reason of her or his handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity for which the Vendor receives Federal financial assistance from the County.

- 56.1.3. Title IX of the Educational Amendments of 1972 (Pub. L. 92-318), as amended, and all requirements imposed by or pursuant to the Regulations of the Department of Health and Human Services (45 C.F.R. Part 86), to the end that in accordance with IX and the Regulations, no person in the United States shall on the basis of sex, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any educational program or activity for which the Vendor received Federal financial assistance from the County.
- 56.1.4. The Age Discrimination Act of 1975 (Pub. L. 94-135), as amended, and all requirements imposed by or pursuant to the Regulations of the Department of Health and Human Services (45 C.F.R. Part 91), to the end that, in accordance with the Act and the Regulations, no person in the United States shall, on the basis of age, be denied the benefits of, be excluded from participation in or be subjected to discrimination under any program or activity for which the Vendor receives Federal financial assistance from the County.

57. Worker Protection and Investment

- 57.1. To the extent applicable, Vendor shall comply with Commonwealth of Pennsylvania Executive Order 2021-06, Worker Protection and Investment, and certify Vendor is in compliance with all applicable Pennsylvania state labor and workforce safety laws including:
- 57.1.1. Construction Workplace Misclassification Act;
 - 57.1.2. Employment of Minors Child Labor Act;
 - 57.1.3. Minimum Wage Act;
 - 57.1.4. Prevailing Wage Act;
 - 57.1.5. Equal Pay Law;
 - 57.1.6. Employer to Pay Employment Medical Examination Fee Act;
 - 57.1.7. Seasonal Farm Labor Act;
 - 57.1.8. Wage Payment and Collection Law;
 - 57.1.9. Industrial Homework Law;
 - 57.1.10. Construction Industry Employee Verification Act;

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57.1.11. Act 102: Prohibition on Excessive Overtime in Healthcare;

57.1.12. Apprenticeship and Training Act; and,

57.1.13. Inspection of Employment Records Law.

57.2. Vendor shall also certify compliance with Unemployment Compensation tax requirements and Workers' Compensation insurance requirements.

57.3. Vendor shall certify compliance with the aforementioned statutes by completing the "Worker Protection and Investment Certification Form BOP-2201, Attachment D", attached hereto and made a part of this Agreement.

58. Vendor's Commitments

Any written commitment or representation of Vendor made within the scope of this Agreement shall be binding upon Vendor and is hereby incorporated into this Agreement.

59. Cooperation in Litigation

The Vendor shall cooperate fully with the County in any prosecution or defense of any litigations, claims, and threatened litigations. If County becomes involved in any matters involving litigation or threatened litigation against others not including Vendor, Vendor shall cooperate fully with County's efforts to dispose of such matters. Such cooperation shall include, but not be limited to, submission of information, attendance at meetings and appearance in court or before other judicial or quasijudicial bodies.

60. Membership Restrictions of Facilities

Funds awarded by this Agreement shall not be used to hold meetings, conferences, training sessions or other gatherings at any facility which excludes or restricts membership of individuals on account of race, color, religion, national origin, ancestry, or gender.

61. Requirements for Non-County Hosted Applications/Services

61.1. Hosting Requirements

61.1.1. Vendor shall supply all hosting equipment (hardware and software) required for performance of the Contract.

61.1.2. Vendor shall provide secure access to all levels of users via the internet.

61.1.3. Vendor shall use commercially reasonable resources and efforts to maintain adequate internet connection bandwidth and server capacity.

61.1.4. Vendor shall maintain all hosting equipment (hardware and software) and replace as necessary to maintain compliance with the Service Level Agreements

61.1.5. Vendor shall monitor, prevent and deter unauthorized system access. Any and all known attempts must be reported to the County within the timeframe set. In the event of any impermissible disclosure, loss or destruction of Confidential Information, the receiving Party must immediately notify the disclosing Party and take all reasonable

ATTACHMENT A – PROPOSED FORM OF AGREEMENT AND GENERAL CONDITIONS

steps to mitigate any potential harm or further disclosure, loss or destruction of such Confidential Information. In addition, pertaining to the unauthorized access, use, release, or disclosure of data, Vendor shall comply with state and federal data breach notifications regulations and is to report security incidents to the County within one (1) hour of when Vendor knew of such unauthorized access, use, release, or disclosure of data.

- 61.1.6. Vendor shall allow the County or its delegate, at times chosen by the County, to review the hosted system's location and security architecture.
- 61.1.7. Vendor staff, directly responsible for day-to-day monitoring and maintenance, shall have industry standard certifications applicable to the environment and system architecture used.
- 61.1.8. Vendor shall locate servers in a climate-controlled environment. Vendor shall house all servers and equipment in an operational environment that meets industry standards including climate control, fire and security hazard detection, electrical needs, and physical security.
- 61.1.9. Vendor shall examine system and error logs daily to minimize and predict system problems and initiate appropriate action.
- 61.1.10. Vendor shall completely test and apply patches for all third-party software products before release.
- 61.1.11. Vendors shall provide a successfully passed SSAE- 16 SOC2 audit report, conducted by an independent certified public accounting firm, subject to the approval of the Department, as part of its proposal, and Vendor shall provide a SSAE-16 audit reports annually.

61.2. **Security Requirements**

- 61.2.1. Vendor shall conduct a third party independent security/vulnerability assessment at its own expense on an annual basis and submit the results of such assessment to the County within three (3) business days.
- 61.2.2. Vendor shall comply with County directions/resolutions to remediate the results of the security/vulnerability assessment to align with the standards of the County.
- 61.2.3. Vendor shall use industry best practices to protect access to the system with a firewall and firewall rules to prevent access by non-authorized users and block all improper and unauthorized access attempts.
- 61.2.4. Vendor shall use industry best practices to provide system intrusion detection and prevention in order to detect intrusions in a timely manner.

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- 61.2.5. Vendor shall use industry best practices to provide virus protection on all servers and network components.
- 61.2.6. Vendor shall limit access to the system and servers and provide access only to those staff that must have access to provide services proposed.
- 61.2.7. Vendor will provide all Services, using security technologies and techniques in accordance with industry best practices and the County's security policies, procedures, and requirements, including those relating to the prevention and detection of fraud and any other inappropriate use or access of systems and networks.

61.3. **Data Storage**

- 61.3.1. Vendor shall use industry best practices to update all systems and third party software security patches to reduce security risk. Vendor shall protect their systems with anti-virus, host intrusion protection, incident response monitoring and reporting, network firewalls, application firewalls, and employ system and application patch management to protect its network and customer data from unauthorized disclosure.
- 61.3.2. Vendor shall be solely responsible for all data storage required. All data shall remain in the AWS government cloud or in the continental United States of America.
- 61.3.3. Vendor shall take all necessary measures to protect the data including, but not limited to, the backup of the servers on a daily basis in accordance with industry best practices and encryption techniques.
- 61.3.4. Vendor agrees to have appropriate controls in place to protect critical or sensitive data and shall employ stringent policies, procedures, and best practices to protect that data particularly in instances where sensitive data may be stored on a Vendor controlled or owned electronic device.
- 61.3.5. Vendor shall utilize a secured backup solution to prevent loss of data, back up all data every day and store backup media. Storage of backup media offsite is required. Stored media must be kept in an all-hazards protective storage safe at the worksite and when taken offsite. All back up data and media shall be encrypted.
- 61.3.6. Document storage shall be compliant with all Pennsylvania Historical and Museum Commission (PHMC) guidelines and requirements.

61.4. **Data Breach**

- 61.4.1. **Vendor shall comply with all state and federal data breach notification laws, including but not limited to the Commonwealth of PA Breach of Personal Information Notification Act (73 P.S. § §2301 et seq.).**

ATTACHMENT A – PROPOSED FORM OF AGREEMENT AND GENERAL CONDITIONS

61.4.2. **Vendor shall report any Breach of the Security of the System to the County Contact Person and the County's Information Security Officer within one (1) hour of confirmation of, or within one (1) calendar day after reasonably suspecting, any such Breach of the Security of the System has occurred, including the nature of the breach, the data compromised, the involved parties, mitigation efforts, and corrective actions to be taken by the Vendor. Vendor shall provide timely notification to all individuals that may be impacted by a Breach of the Security of the System as required by the Breach of Personal Information Notification Act.**

61.4.3. At the County's request, Vendor shall, at its sole expense, provide credit monitoring services to all individuals that may be impacted by a Breach of the Security of the System.

61.4.4. Vendor shall be solely responsible for any costs, losses, fines, or damages incurred by the County due to PII being accessed, used, released, disclosed and/or acquired in an unauthorized manner while in the possession and control of the Vendor or its employees, agents, and/or subcontractors.

61.5. **Adherence to Policy**

61.5.1. Vendor support and problem resolution solution shall provide a means to classify problems as to criticality and impact and with appropriate resolution procedures and escalation process for each classification of problem.

61.5.2. Vendor shall abide by all the County's policies (Information Technology Bulletins (ITBs)).

61.5.3. Vendor shall comply with all pertinent federal and state privacy regulations.

61.6. **Closeout**

61.6.1. When the contract term expires or terminates, and at any other time at the written request of the County; the Vendor must promptly return to the County all its data (and all copies of this information), in a format agreed to by the County, that is in the Vendor's possession or control.

62. Headings

All headings included for convenience only and shall not affect any construction or interpretation of this Agreement.

63. Entire Agreement

The governing terms and conditions of this Agreement are expressly limited to the terms and conditions contained in this Agreement and documents incorporated herein. This Agreement constitutes the complete integration of all oral and written documents, is the entire and final Agreement between the parties and may be amended only by a written instrument signed by authorized officials of both parties.

**ATTACHMENT A – PROPOSED FORM OF AGREEMENT
AND GENERAL CONDITIONS**

With the intent to be legally bound, authorized officials of each party have signed this Agreement on the dates written below. Each person signing this Agreement represents and warrants that such person is fully authorized to sign and enter into this Agreement on behalf of the Vendor named above his or her signature.

Both parties agree and acknowledge that electronic/facsimile signatures are binding to this Agreement.

County of Berks

Vendor

By: _____

By: _____

Name (printed): George M. Rodrigues

Name (printed): _____

Title: Director of Contracts and Procurement

Title: _____

Date: _____

Date: _____

ATTEST:

ATTEST:

By: _____

By: _____

Name (printed): Stephanie Kofke

Name (printed): _____

Title: Contract Manager

Title: _____

ATTACHMENT B – HIPPA AGREEMENT

BUSINESS ASSOCIATE AGREEMENT

AND NOW, effective this ____ day of _____, 2025 (the “**Effective Date**”), this Business Associate Agreement (“**Agreement**”) is entered into by and between _____ (the “**Business Associate**”) and the **County of Berks** (the “**Covered Entity**”), located at 633 Court Street, 13th Floor, Services Center, Reading, PA 19601.¹

WHEREAS, Business Associate will or may have access to, or may create on behalf of the Covered Entity, certain Protected Health Information (“**PHI**”) in carrying out its obligations, as more fully described below, and therefore is obligated to protect such PHI as a Business Associate, in accordance with the regulations issued by the U.S. Department of Health and Human Services (“**DHHS**”) pursuant to the Health Insurance Portability and Accountability Act (“**HIPAA**”) and the Health Information Technology for Economic and Clinical Health Act (“**HITECH**”) (the regulations being promulgated thereunder being hereinafter referred to as the “**HIPAA/HITECH Regulations**”).

WHEREAS, the parties desire to delineate their obligations pursuant to the HIPAA/HITECH Regulations, all as more fully described herein.

NOW THEREFORE, in consideration of the mutual promises contained herein, and intending to be legally bound hereby, the parties agree as follows:

1. Definitions.

(a) “**Breach**” shall have the same meaning as in 45 C.F.R. § 164.402, and shall include the acquisition, access, use or disclosure of “Protected Health Information” (as defined below) in a manner not permitted under the Privacy Rule, as defined below, and which compromises the privacy or security of the information, unless there is a low probability that the protected health information has been compromised based on Covered Entity’s risk assessment of the following factors:

- (i) the nature and extent of the protected health information involved, including the types of identifiers and the likelihood of re-identification;
- (ii) the unauthorized person who used the protected health information or to whom the disclosure was made;
- (iii) whether the protected health information was actually acquired or viewed, and
- (iv) the extent to which the risk to the protected health information has been mitigated.

A Breach excludes: (1) Any unintentional acquisition, access, or use of protected health information by a workforce member or person acting under the authority of a Covered Entity or a Business Associate, if made in good faith and within the scope of authority and does not result in further use or disclosure in a manner not permitted under HITECH; (2) Any inadvertent disclosure by a person

¹ To the extent that the County is deemed to be a “Hybrid Entity” (as defined herein), all terms and conditions of this Agreement that apply with respect to the “Covered Entity” above shall apply equally to the County as a “Hybrid Entity” and/or to the covered components or functions of such entity.

ATTACHMENT B – HIPPA AGREEMENT

authorized to access protected health information at a Covered Entity or Business Associate to another person authorized to access protected health information at such entities, or organized health care arrangement in which the Covered Entity participates, and the information received is not further used or disclosed in a manner not permitted under HIPAA/HITECH Regulations; or (3) Any disclosure of protected health information where the Covered Entity determines in good faith that the person to whom the disclosure was made would not reasonably have been able to retain the information.

(b) “**Business Associate**” shall have the same meaning as in 45 C.F.R. § 160.103, and shall include with respect to a covered entity, a person or entity who, in performing its functions or activities on behalf of such covered entity creates, receives, maintains, or transmits Protected Health Information (as defined below), and includes a person or entity who:

(i) provides legal, actuarial, accounting, consulting, data aggregation (as defined in 45 C.F.R. § 164.501), management, administrative, accreditation, or financial services to or for such covered entity;

(ii) provides data transmission services with respect to protected health information to Covered Entity and that requires access on a routine basis to such protected health information;

(iii) a person that offers a personal health record to one or more individuals on behalf of a covered entity; or,

(iv) a subcontractor that creates, receives, maintains, or transmits protected health information on behalf of the business associate.

(c) “**Designated Record Set**” shall mean a group of records maintained by or for Covered Entity that includes the medical records and billing records about an “individual” maintained by or for the Covered Entity, and shall have the same meaning as the term “designated record set” in 45 C.F.R. § 164.501.

(d) “**Electronic PHI**” shall mean electronic protected health information or “PHI”, as further defined below, and shall have the same meaning as the term “electronic protected health information” in 45 C.F.R. § 160.103.

(e) “**HIPAA Rules**” shall mean the privacy, transaction and security regulations/standards further defined below, as promulgated pursuant to **HIPAA**, as codified at 45 C.F.R. Parts 160, 162 and 164.

(f) “**HITECH Standards**” shall mean the breach notification provisions/standards applicable to a business associate under **HITECH**, pursuant to the DHHS regulations promulgated thereunder, as codified at 45 C.F.R. § 164, Subpart D.

(g) “**Hybrid Entity**” shall have the same meaning as defined in 45 C.F.R. 164.103 and refers to a single legal entity whose business activities include both covered and non-covered HIPAA/HITECH functions.

(h) “**Individual**” shall have the same meaning as the term “individual” in 45 C.F.R. § 160.103 and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).

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(i) **“Individually Identifiable Health Information”** shall have the same meaning as defined in 45 C.F.R. § 160.103, and shall include health information, including demographic information collected from an individual that: (1) is created by or received from a health care provider, health plan, employer or health care clearinghouse, and (2) relates to the past, present or future physical or mental health or condition of an individual, the provision of health care to an individual, or the past, present or future payment for the provision of health care to an individual, and either (i) identifies the individual or (ii) there is a reasonable basis to believe that the information can be used to identify the individual.

(j) **“Protected Health Information”** or **“PHI”** shall have the same meaning as the term “protected health information” in 45 C.F.R. § 160.103, including but not limited to the “individually identifiable health information” (as defined above) created or received by a business associate from or on behalf of a covered entity.

(k) **“Privacy Rule”** shall mean the standards for privacy of individually identifiable health information set forth at 45 C.F.R. § 164, Subpart E.

(l) **“Security Incident”** shall have the same meaning as defined in 45 C.F.R. § 304 and means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system.

(m) **“Security Rule”** shall mean the security standards, 45 C.F.R. § 164, Subpart C, as they exist now or as they may be amended, including but not limited to § 164.308 (Administrative Safeguards); § 164.310 (Physical Safeguards), and § 164.312 (Technical Safeguards).

(n) **“Unsecured Protected Health Information”** or **“Unsecured PHI”** shall have the same meaning as defined in 45 C.F.R. § 164.402, and shall mean PHI that is not rendered unusable, unreadable or indecipherable to unauthorized persons through the use of a technology or methodology specified by DHHS in the implementing regulations of HITECH.

Terms used, but not otherwise defined, in this Business Associate Agreement shall have the same meaning as those terms in the HIPAA/HITECH Regulations.

2. General Uses and Disclosures. Business Associate acknowledges and agrees as follows:

(a) Use or Disclosure. Business Associate agrees not to use or further disclose PHI other than as expressly permitted or required by this Business Associate Agreement or as required by law.

(b) Minimum Necessary. Business Associate will take reasonable efforts to limit, use and disclosure of PHI to the minimum necessary to fulfill its obligations, or as necessary to fulfill the intended request, use or disclosure.

(c) Specific Use or Disclosure Provisions. Business Associate may use and disclose PHI to properly perform its obligations pursuant to the parties’ Services Agreement (the **“Services Agreement”**), and consistent with applicable law, as long as such use or disclosure would not violate the HIPAA Rules if done by the Covered Entity, and/or such use or disclosure is expressly permitted in (i) through (iii) below:

(i) Business Associate may use PHI as minimally necessary to fulfill its obligations pursuant to the parties’ Services Agreement.

ATTACHMENT B – HIPPA AGREEMENT

(ii) Business Associate may use PHI for the proper management and administration of Business Associate or to carry out Business Associate's legal responsibilities.

(iii) Subject to Section 2(f) below, Business Associate may disclose PHI to third parties for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate provided that the disclosures are required by law, or Business Associate obtains reasonable assurances from the third party to whom the information is disclosed that: (A) the information will remain confidential, (B) the information will be used or further disclosed only as required by law or for the purpose for which it was disclosed to the third party, and (C) the third party notifies Business Associate of any instances of which it is aware that the privacy/security of the information has been breached in accordance with the HIPAA Rules and HITECH Standards.

(d) Security Safeguards. Business Associate agrees to use appropriate safeguards and comply with the security standards of Subpart C of 45 C.F.R. § 164, to prevent use or disclosure of PHI in a manner that would violate this Business Associate Agreement or applicable legal requirements. Business Associate shall provide Covered Entity with information concerning such safeguards as Covered Entity may reasonably request from time to time. To the extent that Business Associate creates, receives, maintains or transmits Electronic PHI, Business Associate agrees to use appropriate administrative, physical and technical safeguards to protect the Electronic PHI as required by the Security Rule.

(e) Mitigation/Indemnification. To the extent that Business Associate is responsible for a breach, Business Associate agrees to mitigate, to the extent commercially reasonable, any harmful effect that is known to Business Associate of a use or disclosure of PHI by Business Associate in violation of this Business Associate Agreement, or in violation of applicable HIPAA/ HITECH Regulations. Business Associate acknowledges and agrees that it shall be liable for, and shall indemnify and hold Covered Entity harmless against, any claims, damages or government penalties, as well as reasonable attorneys' fees, resulting from any act or omission of Business Associate or its subcontractor(s)/agent(s) in breach of this Agreement, or in violation of law, including the HIPAA/HITECH Regulations.

(f) Subcontractors and Agents. Business Associate shall ensure that if any subcontractor, to the extent authorized by Covered Entity, creates, receives, maintains or transmits PHI for the Business Associate on behalf of the Covered Entity, the subcontractor shall agree to the same restrictions, terms and conditions that apply through this Agreement to Business Associate with respect to such information, including the requirement that it implement reasonable and appropriate safeguards to protect any PHI that is disclosed to it, as well as the breach notification requirements applicable to PHI under HITECH, by executing a business associate agreement approved by Covered Entity. Business Associate shall notify Covered Entity of any subcontractor's breach of its business associate agreement, or of any privacy/security incident or violation of law applicable to the subcontractor, including Business Associate's steps to cure or mitigate subcontractor's breach, if applicable.

(g) Access. Only if applicable to the Services Agreement, and upon reasonable request by the Covered Entity, but not later than thirty (30) days following such request, Business Associate shall provide access or copies to Covered Entity of PHI, in a Designated Record Set in order to meet the requirements under 45 C.F.R. § 164.524.

ATTACHMENT B – HIPPA AGREEMENT

(h) Amendment. Only if applicable to the Services Agreement, and upon reasonable request by the Covered Entity, but not later than thirty (30) days following such request, Business Associate agrees to make PHI available to Covered Entity for any appropriate amendment(s) to PHI in a Designated Record Set that Covered Entity directs or agrees to pursuant to 45 C.F.R. § 164.526.

(i) Accounting. Only if applicable to the Services Agreement, and upon reasonable request by the Covered Entity, but not later than sixty (60) days following such request, Business Associate agrees to document and make available to Covered Entity or subject Individual, for a reasonable cost-based fee (to the extent permitted by HIPAA Rules) such disclosures of PHI, and information related to such disclosures, necessary to respond to a request for an accounting of disclosures of PHI in accordance with 45 C.F.R. § 164.528.

(j) Audit and Inspection. Business Associate agrees to make internal practices, books, and records relating to the use and disclosure of PHI received from or created or received by Business Associate on behalf of the Covered Entity, available to DHHS or the Covered Entity, in a time and manner requested by DHHS or the Covered Entity, for purposes of determining the Business Associate's compliance with the HIPAA/HITECH Regulations.

(k) Compliance. To the extent the Business Associate is required to carry out any Covered Entity's obligations that are subject to the HIPAA/HITECH requirements, if applicable, Business Associate shall comply with all applicable HIPAA/HITECH requirements and standards the same extent as required by the Covered Entity.

3. Covered Entity Obligations.

(a) If applicable to the Services Agreement, Covered Entity shall notify Business Associate of any limitation(s) in the notice of privacy practices of Covered Entity in accordance with 45 C.F.R. § 164.520, to the extent that such limitation may affect Business Associate's use or disclosure of PHI in performing its functions under the Services Agreement.

(b) If applicable to the Services Agreement, Covered Entity shall notify Business Associate of any changes in, or revocation of, permission by an Individual to use or disclose PHI, to the extent that such changes may affect Business Associate's use or disclosure of PHI in performing its functions under the Services Agreement.

(c) If applicable to the Services Agreement, Covered Entity shall notify Business Associate of any restriction of the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 C.F.R. § 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI in performing its functions under the Services Agreement.

(d) If applicable to the Services Agreement, Covered Entity agrees that it will have entered into "Business Associate Agreements" with any third parties (e.g., trading partners) to which Covered Entity directs and authorizes Business Associate to disclose PHI.

4. Security Incident Reporting/Breach Notification. Business Associate agrees to promptly notify the Covered Entity if Business Associate has knowledge of a Security Incident related in any way to the Services Agreement, that PHI has been used or disclosed by Business Associate, its subcontractor/agent or otherwise in a manner that violates the HIPAA/HITECH Regulations or this Business Associate Agreement. Business Associate agrees to report to the Covered Entity any Security Incident or breach of Unsecured PHI (as defined in Section 1) which Business Associate discovers (as

ATTACHMENT B – HIPPA AGREEMENT

defined in 45 C.F.R. § 164.410), immediately and without unreasonable delay, or as promptly as reasonably warranted by the circumstances (subject to (a) below), in order for Covered Entity to properly assess the breach and to comply with all applicable legal requirements in accordance with § the HITECH Standards.

(a) Business Associate shall provide the following information to the Covered Entity immediately upon discovery of a breach/incident except when, despite all reasonable efforts by Business Associate to obtain the information required, circumstances beyond the control of the Business Associate necessitate additional time, in which case the information shall be provided as soon as reasonably possible, but in no event more than two (2) business days following the breach/incident, and in accordance with 45 C.F.R. § 164.404 of the HITECH Rule, as follows:

- (i) the date of the breach/incident;
- (ii) the date of the discovery of the breach/incident;
- (iii) a description of the Unsecured PHI that was involved;
- (iv) identification of each Individual(s) whose Unsecured PHI has been or is reasonably believed to have been, accessed, acquired or disclosed; and,
- (v) any other information reasonably necessary to complete an assessment of the breach and requirements necessary for compliance with the HITECH Standards.

(b) At the direction of the Covered Entity, Business Associate will cooperate with Covered Entity in providing notification to the Individual(s) concerning Unsecured PHI that has been disclosed, as well as to DHHS and by media or public notice, if necessary, as may be required by the HITECH Rule.

(c) Business Associate agrees to take corrective action, if applicable, to investigate the breach, mitigate losses, and protect against any future breaches, and to provide a description of this corrective action plan to Covered Entity promptly upon the reasonable request of Covered Entity.

5. Term; Termination.

(a) Except as otherwise expressly provided herein, the Term of this Business Associate Agreement shall expire automatically upon the termination or expiration of the parties' Services Agreement.

(b) Without limiting the termination rights of the parties pursuant to the Services Agreement, upon Covered Entity's knowledge of a material breach by Business Associate of this Business Associate Agreement, Covered Entity may notify Business Associate that it has thirty (30) days to cure such breach, or such shorter time as reasonably warranted by the circumstances. In the event Business Associate does not cure the breach, or if cure is infeasible as reasonably determined by Covered Entity, the Covered Entity shall have the right to terminate this Business Associate Agreement, upon written notice thereof.

(c) Upon termination of this Agreement for any reason, Business Associate shall, and/or shall cause its subcontractor/agent to, return or destroy and retain no copies of all PHI created or received by, Business Associate or its subcontractor/agent on behalf of the Covered Entity. If Business Associate determines that return or destruction of such information is not

ATTACHMENT B – HIPPA AGREEMENT

feasible, Business Associate shall provide Covered Entity with notification of conditions that render return or destruction infeasible. In such event, Business Associate shall continue to limit the use or disclosure of such information as set forth in this Agreement and shall not use or disclose such information except for those purposes that make return or destruction of the information infeasible, for so long as Business Associate maintains the PHI.

(d) The obligations of Business Associate under this Business Associate Agreement shall survive the termination of this Agreement.

6. Miscellaneous.

(a) Amendment. The parties acknowledge that the foregoing provisions are designed to comply with the mandates of the HIPAA/HITECH Regulations. The parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary to comply with all federal, state or other legal requirements, including, but not limited to, the requirements of the HIPAA/HITECH Regulations as may be amended from time to time. The parties shall work in good faith to reach agreement on an amendment to the Business Associate Agreement that continually complies with the law and shall act at all times in accordance with the law, as fully incorporated herein, even this Agreement has not been formerly amended. Any other amendment to this Agreement unrelated to compliance with applicable law and regulations shall be effective only upon execution of a written agreement between the parties.

(b) Other Laws. In addition to the HIPAA/HITECH laws and regulations, the parties acknowledge that there may be other federal or state laws applicable to protecting the privacy and security of the medical or other personal information, including without limitation, Pennsylvania's Breach or Personal Information Notification Act (73 P.S. §§ 2301, et seq.), and the parties agree to fully comply with such laws and corresponding regulations, As fully incorporated by reference herein.

(c) Effect on the Services Agreement. Except as relates to the use, security, privacy and disclosure of PHI and electronic PHI transactions, this Business Associate Agreement is not intended to change the terms and conditions of, or the rights and obligations of the parties under, the Services Agreement. All non-conflicting terms and conditions of the Services Agreement as between Covered Entity and Business Associate shall control the interpretation and enforcement of this Agreement and remain in full force and effect.

(d) No Third-Party Beneficiaries. Except as may be required by law, nothing express or implied in the Services Agreement or in this Business Associate Agreement is intended to confer, nor shall anything herein confer, upon any person other than the parties and the respective successors or assigns of the parties, any rights, remedies, obligations or liabilities whatsoever.

(e) Governing Law. This Business Associate Agreement shall be governed by, and interpreted consistently with, the HIPAA/HITECH Regulations to the fullest extent applicable to this Agreement. In all other respects, the parties agree this Agreement shall be governed by, and interpreted consistently with, the parties' Services Agreement, which is fully incorporated by reference herein.

(f) Assignment. This Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and assigns, except that neither part may, without the specific prior written consent of the other party, assign any of its interest or rights in or to, or

ATTACHMENT B – HIPPA AGREEMENT

arising under, this Agreement, or delegate the performance of any of its obligations and duties hereunder except to the extent permitted by the parties' Services Agreement.

(g) No Waiver. The failure of any party or parties to enforce at any time any right or privilege under this Agreement shall in no way constitute or be construed as a waiver of that or any other right or privilege under this Agreement, nor shall it affect in any way the validity and full enforceability of this Agreement. No waiver of any right or privilege under this Agreement shall operate as a waiver of any other breach of that or any other provision of this Agreement and no waiver of any remedy for any such breach shall operate as a waiver of any other remedy for such breach. Should any provision of this Agreement be deemed unenforceable by a court of competent jurisdiction, such finding shall not invalidate the balance of this Agreement, which shall remain in full force and effect.

(h) No Prior Business Associate Agreement. This Business Associate Agreement is the entire agreement between the parties with respect to the subject matter hereof and supersedes any prior business associate agreements between the parties hereto.

IN WITNESS WHEREOF, the parties' authorized representatives have executed this Agreement effective as of the day and year first above written.

BUSINESS ASSOCIATE

COVERED ENTITY

COUNTY OF BERKS

By: _____

By: _____

Printed Name: _____

Printed Name: George M. Rodrigues

Title: _____

Title: Director of Contracts and Procurement

Date: _____

Date: _____

ATTEST:

ATTEST:

By: _____

By: _____

Name (printed): _____

Name (printed): Stephanie Kofke

Title: _____

Title: Contract Manager

ATTACHMENT C – NON-COLLUSION AFFIDAVIT FORM

INSTRUCTIONS FOR NON-COLLUSION AFFIDAVIT

1. This Non-Collusion Affidavit is material to any Agreement pursuant to a Proposal. According to the Pennsylvania Antirigging Act, 62 Pa. C.S.A. § 4501 et seq., governmental agencies may require Non-Collusion Affidavits to be submitted together with Proposals, such as the Proposal submitted by the Proposer.
2. This Non-Collusion Affidavit must be executed by the member officer, or employee of the Proposer who is authorized to legally bind the Proposer.
3. Proposal rigging and other efforts to restrain competition, and the making of false sworn statements in connection with the submission of bids are unlawful and may be subject to criminal prosecution. The person who signs the Affidavit should carefully examine it before signing and assure himself or herself that each statement is true and accurate, making diligent inquiry, as necessary, of all other persons employed by or associated with the Proposer with responsibilities for the preparation, approval or submission of the Proposal.
4. If the Proposal is submitted by a joint venture, each party to the venture must be identified in the Proposal documents, and a Non-Collusion Affidavit must be submitted separately on behalf of each party.
5. The term “complementary Proposal” as used in the Non-Collusion Affidavit has the meaning commonly associated with that term in the RFP process, and includes the knowing submission of a Proposal higher than the Proposal of another firm, any intentionally high or noncompetitive Proposal, and any form of Proposal submitted for the purpose of giving a false appearance of competition.
6. Failure to file a Non-Collusion Affidavit in compliance with these instructions will result in disqualification of the Proposal.

ATTACHMENT C – NON-COLLUSION AFFIDAVIT FORM

NON-COLLUSION AFFIDAVIT

State of _____

County of _____

_____, being first duly sworn, deposes and says that:

(1) He/She is _____
(Owner, Partner, Officer, Representative or Agent of Proposer)

of _____, the Proposer that
(Name of the Proposer)
has submitted the attached Proposal;

(2) He/She is fully informed respecting the preparation and contents of the attached Proposal and of all pertinent circumstances respecting such Proposal;

(3) Such Proposal is genuine and is not a collusive or sham Proposal;

(4) Neither the said Proposer nor any of its officers, partners, owners, agents, representatives, employees or parties in interest, including this affiant, has in any way colluded, conspired, connived or agreed, directly or indirectly, with any other Proposer, firm or person to submit a collusive or sham Proposal or complementary Proposal in connection with the Contract for which the attached Proposal is submitted or to refrain from submitting in connection with such Contract, or has in any manner, directly or indirectly, sought by agreement or collusion or communication of conference with any other Proposer, firm or person to fix the price or prices in the attached Proposal or of any other Proposer, or to fix any overhead, profit or cost element of the prices in the Proposal or the price of any other Proposer, or to secure through any collusion, conspiracy, connivance or unlawful agreement any advantage against the County of Berks or any person interested in the proposed Agreement;

(5) The price or prices quoted in the attached Proposal are fair and proper and are not tainted by any collusion, conspiracy, connivance or unlawful agreement on the part of the Proposer or any of its agents, representatives, owners, employees, or parties in interest, including this affiant; and,

(6) Neither the said Proposer nor any of its officers, partners, owners, agents or parties in interest, have any interest, present or prospective, that can be reasonably construed to result in a conflict of interest between them and the County of Berks, which the Proposer will be required to perform.

ATTACHMENT C – NON-COLLUSION AFFIDAVIT FORM

I state that _____ understands
(Name of Proposer)

and acknowledges that the above representations are material and important and will be relied on by the County of Berks in awarding the Agreement for which the Proposal is submitted. I understand and the Proposer understands that any misstatement in this Non-Collusion Affidavit is and shall be treated as fraudulent concealment from the County of Berks of the true facts relating to the submission of proposals for this Agreement.

Name: _____

By: _____
Authorized Signatory

Title: _____
President or Vice President

SWORN TO AND SUBSCRIBED
BEFORE ME THIS _____ DAY
OF _____, 2025

Notary Public

My Commission Expires: _____

ATTACHMENT D – WORKER PROTECTION AND INVESTMENT
CERTIFICATION FORM BOP-2201

[intentionally left blank]



WORKER PROTECTION AND INVESTMENT CERTIFICATION FORM

A. Pursuant to Executive Order 2021-06, *Worker Protection and Investment* (October 21, 2021), the Commonwealth is responsible for ensuring that every worker in Pennsylvania has a safe and healthy work environment and the protections afforded them through labor laws. To that end, contractors and grantees of the Commonwealth must certify that they are in compliance with Pennsylvania's Unemployment Compensation Law, Workers' Compensation Law, and all applicable Pennsylvania state labor and workforce safety laws including, but not limited to:

1. Construction Workplace Misclassification Act
2. Employment of Minors Child Labor Act
3. Minimum Wage Act
4. Prevailing Wage Act
5. Equal Pay Law
6. Employer to Pay Employment Medical Examination Fee Act
7. Seasonal Farm Labor Act
8. Wage Payment and Collection Law
9. Industrial Homework Law
10. Construction Industry Employee Verification Act
11. Act 102: Prohibition on Excessive Overtime in Healthcare
12. Apprenticeship and Training Act
13. Inspection of Employment Records Law

B. Pennsylvania law establishes penalties for providing false certifications, including contract termination; and three-year ineligibility to bid on contracts under 62 Pa. C.S. § 531 (Debarment or suspension).

CERTIFICATION

I, the official named below, certify I am duly authorized to execute this certification on behalf of the contractor/grantee identified below, and certify that the contractor/grantee identified below is compliant with applicable Pennsylvania state labor and workplace safety laws, including, but not limited to, those listed in Paragraph A, above. I understand that I must report any change in the contractor/grantee's compliance status to the Purchasing Agency immediately. I further confirm and understand that this Certification is subject to the provisions and penalties of 18 Pa. C.S. § 4904 (Unsworn falsification to authorities).

| | |
|---|-------------|
| | |
| <i>Signature</i> | <i>Date</i> |
| | |
| <i>Name (Printed)</i> | |
| | |
| <i>Title of Certifying Official (Printed)</i> | |
| | |
| <i>Contractor/Grantee Name (Printed)</i> | |

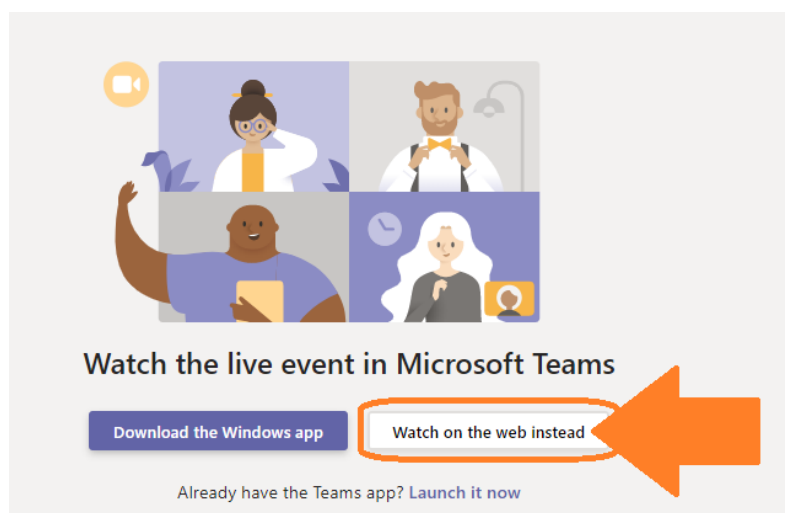
ATTACHMENT E – HOW TO JOIN AND PARTICIPATE IN A MICROSOFT
TEAMS MEETING

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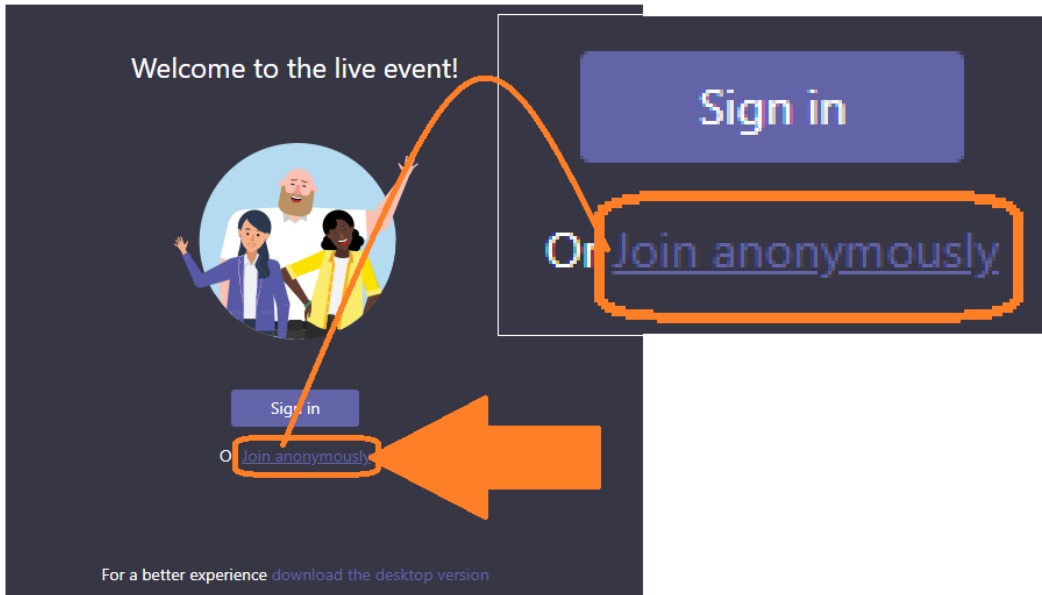
Teams works best in Edge or Chrome. It does not work in Internet Explorer.

The Meeting

- Step # 1. Go to the Purchasing ITB and RFP page on the County website at <https://www.countyofberks.com/departments/purchasing/itb-rfp>
- Step # 2. The Teams Live Event links for the Pre-Bid/Pre-Proposal, as well as the Bid/Proposal Opening will be posted with each specific Invitation to Bid (ITB) and Request for Proposal (RFP).
- Step # 3. Click on the meeting link associated with the ITB or RFP you are interested in for the appropriate event.
- Step # 4. Click Watch on the web instead.



- Step # 5. You will be prompted to download the Teams app, Open in web browser (Edge or Chrome) or Launch the Teams app if you already have it. You can select Join on the web instead and join as a guest. If you have used Teams in the past, launch the app and use a verified account.



- Step # 6. You will join the meeting in the “Lobby” until you are admitted by County staff.
- Step # 7. All Public participants join the meeting muted with cameras off. County staff will change your participation status at which point you can control your camera and microphone.
- Step # 8. Please add your name and company name to the Chat when you are admitted to the meeting. (This is only required for pre-bid/pre-proposal events.)
- Step # 9. You can use the Chat, “Raise Your Hand” feature or unmute and ask your questions real-time. Please keep your questions germane to the ITB/RFP being reviewed.
- Step # 10. Close the application or web browser window to leave the meeting.

End of process

ATTACHMENT F – PRICE PROPOSAL FORM

[intentionally left blank]

Attachment F - Schedule 1: Summary
Summary of Total Actuary Services and Pension Administration Services

| Cost Categories (Actuary) | Proposed Cost in RFP | Explanation/Notes (if necessary)** |
|---|----------------------|------------------------------------|
| Actuary Valuation and GASB 67-68 Reports - Per Year (Not to Exceed) | \$ - | |
| Actuary Five Year Forecast Fees ADC and GASB Pension Expense | \$ - | |
| One Time Set Up Fees (Not to Exceed) | \$ - | |

| Cost Categories (Pension Administration) | Proposed Cost in RFP | Explanation/Notes (if necessary)** |
|---|----------------------|------------------------------------|
| Pension Administration - To include a maximum of 100 pension quotations (finals) per year | \$ - | |
| Pension Administration - Cost for a maximum of 50 preliminary (estimated) pension quotation per year. | \$ - | |

| Grand Total | Proposed Cost in RFP | Explanation/Notes (if necessary)** |
|---|----------------------|------------------------------------|
| Schedule 2 (Pension Administration) and Schedule 3 (Actuary Services) | \$ - | |

Cells which are greyed out/blocked throughout Attachment F are not required to be filled in.

Assumptions/Additional Comments

Please check all cell formulas!!

Attachment F - Schedule 2: Pension Sourcing
Not to Exceed Costs for Pension Services

| Phase | Activity | Unit Cost Services | | | Total | |
|-------|---|--------------------|-----------|---------------|-------|------|
| | | Hours | Unit Cost | Rate Per Hour | | Cost |
| | Pension Administration - To include a maximum of 100 pension quotations (finals) per year | | | | | |
| | Pension Administration - Preparation and annual pension Benefit Statement for Employees | | | | | |
| | Pension Administration - Cost per Pension Quotation after the maximum number (100) of pension quotations (estimates) is exceeded | | | | | |
| | Pension Administration - Cost for a maximum of 50 preliminary (estimated) pension quotation per year. | | | | | |
| | Pension Administration - Cost per Preliminary (estimated) Pension Quotation over the maximum number (50) would be charged based on the negotiated price per quotation | | | | | |
| | Supplemental Services - Any services not addressed in the RFP that may be required during the term of the contract. | | | | | |
| | Partner | | | | | |
| | Associate Partner | | | | | |
| | Project Manager | | | | | |
| | Senior Actuary | | | | | |
| | Actuarial Analyst | | | | | |
| | (add additional cells if needed) | | | | | |
| | Total | | | | | \$ - |

** The rates identified herein shall remain in full force and effect for 365 days, starting at project kick off.*

Attachment F - Schedule 3: Actuary Services
Not to Exceed Costs for Actuary Services

| Phase | Activity | Unit Cost Services | | | Total | |
|-------|--|--------------------|-------|------|-------|------|
| | | Hours | Rate* | Cost | | Cost |
| | Actuary Valuation and GASB 67-68 Reports - Per Year (Not to Exceed) | | | | | |
| | Fees to produce 5 year forecasts annually for ADC Valuation and GASB 68 pension expense (not to exceed) | | | | | |
| | Fees to provide an update to the forecast based upon updated pension investment value and current year trend in contributions and benefit payments in September of each year | | | | | |
| | Fees to attended Pension Board Meetings, as needed | | | | | |
| | Fee to provide experience study for Mortality, if requested (Not to exceed) | | | | | |
| | One Time Set Up Fees (Not to Exceed) | | | | | |
| | Supplemental Services - Any services not addressed in the RFP that may be required during the term of the contract. | | | | | |
| | Partner | | | | | |
| | Associate Partner | | | | | |
| | Project Manager | | | | | |
| | Senior Actuary | | | | | |
| | Actuarial Analyst | | | | | |
| | (add additional cells if needed) | | | | | |
| | Total | | | \$ - | | \$ - |

* The rates identified herein shall remain in full force and effect for 365 days, starting at project kick off.

ATTACHMENT G – COUNTY OF BERKS CURRENT PLAN DOCUMENT

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**The Berks County Employees' Retirement System and Trust
Amended and Restated Effective January 1, 2024**

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Section 1. Preamble

This document is the Plan document and trust for the Berks County Retirement System. Prior to this document, Act 96, as amended, together with various resolutions and actions of the County Commissioners and the Board, served as the plan document and trust provisions, and the Board has always, to its knowledge, administered the County Retirement System in good-faith compliance with applicable provisions of the Internal Revenue Code and consistent with Act 96. The Plan document is amended and restated effective as of January 1, 2024.

Section 2. Definitions

As used herein, the following definitions shall apply:

“Accumulated Deductions” means the total of Pickup Contributions and the amounts deducted from the Compensation of a Contributor and paid into the Fund and standing to the credit of the Members’ Annuity Reserve Account, together with the Regular Interest thereon.

“Act” means the County Pension Law, Act 96 (P.L. 398) [16 P.S. §§ 11651 *et seq.*], August 31, 1971, as amended.

“Actuarial Equivalent” or **“Equivalent Actuarial Value”** means a value that is converted to the actuarially equivalent of another value, using actuarial principles and, for retirement quotations and final benefit elections originally issued before January 24, 2011, the tabular factors set forth on **Appendix C**, and for retirement quotations and final benefit elections originally issued after January 23, 2011, using the GAM-83 mortality table and seven percent interest.

“Anniversary Date” means the anniversary of a County Employee’s date of hire, or rehire, as applicable.

“Beneficiary” or **“Beneficiaries”** means any person having an insurable interest in the life of the Member who the Member nominates by written designation, duly acknowledged and filed with the Board, to receive any benefits due under the Retirement System following the death of the Member.

“Board” means the County Retirement Board established in accordance with the provisions of the act.

“Code” means the United States Internal Revenue Code of 1986, as amended. Reference to any specific provision of the Code shall include such provision and any valid regulation promulgated thereunder.

“Compensation” means Pickup Contributions plus remuneration received as a County Employee excluding refunds for expenses, contingency and accountable expense allowances and excluding severance payments or payments for unused vacation or sick leave. Compensation includes amounts excluded from income pursuant to a Member’s election under a cash or deferred compensation arrangement described in Sections 401(k) of the Code, an eligible deferred compensation plan described in Section 457(b) of the Code, a cafeteria plan described

in Section 125 of the Code, and, effective January 1, 1998, a qualified transportation fringe benefit plan under Section 132(f) of the Code. Notwithstanding the preceding, the annual Compensation of a Member shall be limited as set forth in Section 401(a)(17) of the Code (as adjusted annually pursuant to Section 401(a)(17)(B) of the Code and announcement by the Internal Revenue Service; for 2011, \$245,000). Compensation for any prior year shall be subject to the limitations set forth below.

Effective December 12, 1994, if a Member is absent on leave due to Qualified Military Service, and returns to employment, Compensation shall be deemed to include Compensation such Member would have received but for such Qualified Military Service. If Compensation for any prior Determination Period is taken into account in determining a Member's benefits for the current year, the Compensation for such prior Determination Period is subject to the applicable annual Compensation limit in effect for that prior period.

Effective as of the first day of the first Plan Year beginning after 1988 and ending before 1994, the annual Compensation of each Member taken into account for any purpose under the System shall not exceed \$200,000 (as adjusted under Section 401(a)(17) of the Code).

Effective for Plan Years beginning on or after January 1, 1994 and before January 1, 1997, the annual Compensation of each Member taken into account for any purpose under the System shall not exceed \$150,000 (as adjusted under Section 401(a)(17) of the Code). For Plan Years beginning on or after January 1, 1997 and before January 1, 2002, any reference herein to the limitation under Section 401(a)(17) of the Code shall mean the limit described herein; specifically, \$160,000 for any Determination Period beginning in 1997, 1998, or 1999; and \$170,000 for any Determination Period beginning in 2000 or 2001. The adjustment to the Compensation limit under Section 401(a)(17) of the Code in effect for a calendar year applies to any period, not exceeding twelve (12) months, over which Compensation is determined (the "Determination Period") beginning in such calendar year. If a Determination Period consists of fewer than twelve (12) months, the limit described herein will be multiplied by a fraction, the numerator of which is the number of months in the Determination Period, and the denominator of which is twelve (12). If Compensation for any prior Determination Period is taken into account in determining a Member's benefit in the current Plan Year, the Compensation for that prior Determination Period is subject to the limit described herein as in effect for that prior Determination Period.

The annual Compensation of each Member taken into account in determining a Member's Retirement Allowance in any Plan Year beginning after December 31, 2001, shall not exceed \$200,000. Annual Compensation means Compensation during the Plan Year or the Determination Period. The \$200,000 limit on annual Compensation shall be adjusted for cost-of-living increases in accordance with Section 401(a)(17)(B) of the Code. The cost-of-living adjustment under Section 401(a)(17)(B) of the Code in effect for a calendar year applies to annual Compensation for the Determination Period that begins with or within such calendar year. If a Determination Period consists of fewer than twelve (12) months, the annual Compensation limit described herein will be multiplied by a fraction, the numerator of which is the number of months in the Determination Period, and the denominator of which is twelve (12).

Effective with respect to years beginning after December 31, 2008, for purposes of applying the limits on annual benefits and contributions and for purposes of applying other applicable provisions of the Code, but not for purposes of determining benefits and contributions, “Compensation” shall also include differential wage payments, as defined in Section 3401(h) of the Code, paid by the County to a County Employee on account of Qualified Military Service.

“**Contributor**” means any person who has Accumulated Deductions in the Fund standing to the credit of the Member’s Annuity Reserve Account.

“**County**” means Berks County, a county of the Commonwealth of Pennsylvania.

“**County Annuity**” means payments for life or during Disability derived from contributions made by the County, excluding the Member’s total Accumulated Deductions.

“**County Annuity Reserve Account**” means the account established on behalf of each Member to which contributions, excluding Accumulated Deductions, are credited on behalf of a Member.

“**County Employee**” means any person who is employed by the County, the County institution district, the County prison or by any other institution maintained by the County from County moneys, or who is employed by the County or State Officer and paid by such County Officer from moneys appropriated by the County for such purpose, whose salary or compensation is paid in regular periodic installments or from fees collected by his office, but shall not, except as hereafter provided, include any leased employee, as defined in Section 414(n) of the Code person, or any individual employed on a Part-time basis.

“**County Officer**” means an individual elected under the Third Class County Code.

“**Direct rollover**” means a payment by the System to the eligible retirement plan specified by the Distributee.

“**Disability**” or “**Disabled**” means a Member’s inability to work in his current role as a County Employee or County Officer by reason of any medically determinable physical or mental impairment that can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than (12) months. A Member shall be deemed Disabled upon approval by the County’s long-term disability insurer for long-term disability benefits or upon receipt of a determination by the Social Security Administration that the Member is Disabled.

“**Distributee**” includes any Contributor. In addition, a Contributor’s surviving spouse and the Contributor’s spouse or former spouse who is the alternate payee under a domestic relations order, as defined in Section 414(p) of the Code, are Distributees with regard to the interest of the spouse or former spouse. Effective with respect to distributions after 2009, a Distributee also means a Beneficiary of a Contributor other than a surviving spouse.

“**Effective Date**” means the effective date of the Retirement System, which is January 1, 1942.

“**Final Salary**” means the average annual Compensation received by the Contributor for the three highest Years of Credited Service in the employment of the County, or in the event a

Member has not served three years, the total Compensation received divided by the number of Years of Credited Service.

“Fund” means the County Employees’ Retirement Trust Fund, which shall hold the assets of the Retirement System in trust, as provided in Section 7.

“Hours of Service” means an hour for which:

- (1) a County Employee is directly or indirectly paid or entitled to payment for the performance of employment duties;
- (2) back pay, irrespective of mitigation of damages, is either awarded or agreed to; or
- (3) a County Employee is directly or indirectly paid or entitled to payment on account of a period of time during which no duties are performed due to vacation, holiday, illness, jury duty, paid leave of absence.
- (4) No Hours of Service will be credited with respect to an unpaid period of time during which no duties are performed unless the Member contributes the Accumulated Deductions that would have been made had the Member been paid during the leave of absence, as detailed in Section 6(e).

Except where the Member contributes the Accumulated Deductions referred to in Subsection (4) above, there shall be excluded from the foregoing those periods during which payments are made or due under a plan maintained solely for the purpose of complying with applicable workers’ compensation, unemployment compensation, or disability insurance laws. No more than 501 Hours of Service shall be credited on account of any single continuous period during which no duties are performed unless such period is due to Disability or Qualified Military Service. An Hour of Service shall not be credited where an Employee is being reimbursed solely for medical or medically related expenses.

No Hours of Service shall be credited twice. Hours of Service shall be credited in accordance with the rules set forth in U.S. Department of Labor Reg. 2530.200b-2(b) and (c).

“Limitation Year” means the calendar year.

“Member’s Annuity” means payments for life or during Disability derived from Accumulated Deductions credited on behalf of the Member.

“Member’s Annuity Reserve Account” is the account established on behalf of each Member to which contributions made by or on behalf of the Member are credited.

“Member” means a County Employee who has become a Member of the Retirement System in accordance with Section 6 and is a Contributor. A Member shall cease to be an active Member upon terminating employment as a County Employee for any reason, including death or Disability.

“New Member” means a Member who shall have become a Member of the Retirement System after the Effective Date.

“Original Member” means a Member who was a County Employee on or before the Effective Date.

“Part-time” means employment with the County whereby the County anticipates that the County Employee will complete less than 1,000 Hours of Service during the 12-month period beginning on the first day of employment and each succeeding 12-month period thereafter.

“Pickup Contributions” means required Member contributions that are made by the County on behalf of County Employees for current service in accordance with Section 414(h)(2) of the Code and Section 7(b)(1) hereof.

“Plan Year” means the calendar year.

“Prior Service” means all service as a County Employee served not later than December 31, preceding the year the Retirement System was established.

“Qualified Military Service” means any service in the uniformed services (as defined in chapter 3 of title 38, United States Code), by any individual entitled to reemployment rights under such chapter with respect to such service.

“Regular Interest” means interest at the rate of four percent (4%) compounded annually, except as otherwise established by the Board for Member contributions, in accordance with Section 8(b).

“Retiree” means any person in receipt of a Retirement Allowance.

“Retirement” or **“Retire”** or **“Retired”** applies to a Member who has terminated employment with the County upon attaining the required retirement or early retirement age, becoming Disabled, or upon an involuntary termination and superannuation retirement, each of which is more fully described herein, and who is entitled to commence distribution of his Retirement Allowance.

“Retirement Allowance” means the County Annuity plus the Member’s Annuity.

“Retirement System” or **“System”** means the County retirement plan.

“Social Security Retirement Age” means, for an individual born in 1937 or before, age 65; for an individual born between 1938 and 1954 (inclusive), age 66; and for an individual born in 1955 or later, age 67.

“Superannuation Retirement Age” means sixty (60) years of age, except as applied to a Contributor who has completed twenty (20) Years of Credited Service, in which case Superannuation Retirement Age means fifty-five (55) years of age or upwards.

“Vesting” or “Vested” means the right of a Contributor who separates from service after having completed five (5) or more Years of Credited Service to (i) leave Accumulated Deductions credited to his account in the fund; and (ii) to receive a superannuation Retirement Allowance upon reaching Superannuation Retirement Age. A Member is always one hundred percent (100%) vested in his Accumulated Deductions.

“Year of Credited Service” means a consecutive 12-month period commencing on a Member’s date of hire, or each anniversary thereof during which a Member is credited with 1,000 or more Hours of Service. In addition, a Year of Credited Service shall be granted for each year of service credited on behalf of each Original Member, County Officer, per diem employee or other service provider described in Section 6 hereunder who has at least twelve (12) consecutive months of service with the County. Only full Years of Credited Service will be considered and partial years of service shall be disregarded for purposes of Vesting or determining a Member’s Final Salary. For all other purposes, including determining the length of a Member’s service for purposes of calculating the Member’s Retirement Allowance, partial Years of Credited Service will be considered. Notwithstanding the foregoing, for purposes of clarification, a County Officer, whose elected term, and date of hire, began on the first business day in January and ends on December 31st of any year, shall be credited with a Year of Credited Service on December 31st of the year in which the County Officer’s elected term expires, provided such County Officer has been credited with 1,000 or more Hours of Service in the last calendar year of their elected term.

Section 3. [Reserved]

Section 4. County Retirement System; County Retirement Board

- (a) **Establishment.** The Retirement System has been established for County Employees by resolution of the County Commissioners as of the Effective Date, pursuant to the Act.
- (b) **Board Members.** The Retirement System shall be administered by the Board, consisting of five (5) members, three (3) of whom shall be the County Commissioners, the County Controller and the County Treasurer. The Chairman of the Board of County Commissioners shall be Chairman of the Board.
- (c) **Quorum.** Three (3) members of the Board shall constitute a quorum.
- (d) **Board Member’s Oath.** Each member of the Board shall take an oath of office that he will diligently and honestly administer the affairs of the Board and that he will not knowingly violate or permit to be violated any of the provisions of the Act. Such oath shall be subscribed by the member taking it, and shall be filed among the records of the Board.
- (e) **Board Compensation.** Except as set forth in Section 5(f) hereof, the members of the Board shall not receive any compensation for their services, but shall be reimbursed for all expenses necessarily incurred in the performance of their duty.

Section 5. Administration Rules and Regulations; Actuarial Data

- (a) Rules and Regulations. The Board shall, from time to time, establish such rules and regulations for meetings of the Board and for the administration of the Fund, and the various accounts thereof, as may be deemed necessary.
- (b) Recordkeeping and Actuarial Data/Determinations. The Board shall keep such data as shall be necessary for actuarial valuation purposes. The actuary of the Board shall (i) periodically make an actuarial investigation into the mortality and service experience of the Contributors to and Beneficiaries of the Fund, (ii) adopt for the Retirement System one or more mortality tables, and (iii) certify to the Board annually the amount of appropriation to be made by the County to the Fund to build up and maintain adequate reserves for the payment of the County's share of Retirement Allowances.
- (c) Plan Interpretation. The Board shall have the discretion and authority and responsibility to interpret and construe the provisions of this System and to decide all questions arising thereunder, including without limitation, questions of eligibility for participation, eligibility for benefits, amount of Retirement Allowances, and the timing of the distribution thereof. All such interpretations, constructions and corrections of the provisions herein shall be final and binding upon all parties, including without limitation, the County, County Employees, and their families, dependents and Beneficiaries.
- (d) Exclusive Benefit Rule. The System shall be administered for the exclusive benefit of Members and their Beneficiaries (including alternate payees under duly authorized domestic relations orders), including the defraying of reasonable expenses of administering the System, and it shall be impossible, at any time prior to the satisfaction of System liabilities, for any part of the principal or income of the Fund to be diverted for any other purpose.
- (e) Plan Amendment. The Board reserves the right at any time, and from time to time, to amend in whole or in part any or all of the provisions of the Retirement System, to the extent consistent with and not prohibited by the Act.
- (f) Personnel; Administrative Expenses
 - (1) Compensation of Service Providers. The Board may appoint and fix the compensation of an actuary. The County Controller of the County shall be the Secretary of the Board. The compensation of the Secretary shall be fixed by the County Salary Board. The Secretary shall keep a record of all the proceedings of the Board, which record shall be open to inspection by the public.
 - (2) Expenses. The expense of the administration of the Retirement System exclusive of the payment of Retirement Allowances shall be paid by the County by appropriations made on the basis of estimates submitted by the Board. However, such administrative expenses may from year to year be paid from the Fund unless

it is determined by the actuary that such payment will impair the actuarial soundness of the Fund.

- (g) Assignment of Benefits. Except as expressly provided herein, no benefits under the Plan may be assigned, anticipated, alienated, encumbered, or subject to attachment or other judicial process. Notwithstanding the foregoing, amounts held for the benefit of a Member may be paid in accordance with the terms of a qualified domestic relations order as defined in Code Section 414(p).

Section 6. Eligibility - Compulsory Membership

- (a) Eligibility Generally. Each County Officer may, and each other County Employee shall, be required to become a Member of the Retirement System established at the later of the Effective Date and the date of first becoming a County Employee; provided, however, that no County Officer or County Employee who is Part-time shall become a Member, except as otherwise provided in this Section 6. In addition, leased employees, as defined in Section 414(n) of the Code, are not eligible to participate in the Retirement System.
- (b) Eligibility Prior to Effective Date. Those becoming Members who have been at any time County Employees prior to the Effective Date shall be known as Original Members; and, those becoming Members after the Effective Date as New Members. Further, any person who becomes a County Employee subsequent to the Effective Date who had been an employee of the County at any time prior to the Effective Date, shall receive credit for the Years of Credited Service prior to the Effective Date, and shall be known as an Original Member if he shall contribute to the Fund the amount which would have been contributed if the Retirement System had been in effect during such previous employment; in which event, the County shall contribute for such County Employee the amount which it would have contributed if the Retirement System had been in effect during such previous employment.
- (c) Eligibility – Part-time Employees. Except as otherwise provided herein, any Part-time Employee who provides 1,000 Hours of Service during the twelve (12) consecutive month period beginning on his date of hire or Anniversary Date, as applicable, shall become a Member and enter the Plan effective as of his date of hire or the most recently preceding Anniversary Date, as applicable. Once a Part-time Employee becomes a Member, he shall be required to make the required Accumulated Deductions set forth in Section 7(b); provided, however, that the Accumulated Deductions required for his first year as a Member shall be made in in installments over a period of twenty-four (24) months with the first installment beginning on the date the Part-time Employee becomes a Member. Under no circumstances will Years of Credited Service be credited under this Section 6(c) if the new Member fails to pay within the required payment period the Accumulated Deductions attributed to his or her first year as a Member.
- (1) Notwithstanding the foregoing, effective as of February 13, 2017, any Part-time Employee who, within ninety (90) days following his or her date of hire completes and submits to the Human Resources Department an opt-out form

irrevocably electing to opt out of Plan participation shall not be a Member of the Plan. Part-time Employees hired on or before February 13, 2017 are permitted to make an opt-out election so long as he or she is not a Member at the time the election is made, and such election is made prior to reaching 1,000 hours in the twelve (12) consecutive month period beginning on his date of hire or Anniversary Date, as applicable.

- (i) Any Part-time Employee is advised, and shall be advised at the time he or she elects to opt out of Plan participation that his or her election not to participate is irrevocable for so long as he or she remains a Part-time Employee. The County shall provide an opt-out election form to each Part-time Employee advising him or her of the conditions and terms applicable to his or her opt-out election.
- (ii) In the event that a Part-time Employee who has elected to opt out of Plan membership becomes a full-time County Employee, the opt-out election previously executed shall be void as it pertains to future years and he or she shall become a Member in accordance with the terms of the Plan for a full-time Employee, regardless of whether the Employee maintains full-time status.

(d) Subsequent Admissions to Retirement System.

- (1) Any County Officer whose term of office began after the establishment of the Retirement System and who did not become a Member of the Retirement System when his term of office began, shall be permitted to become a Member of the Retirement System at any time and shall receive a Retirement Allowance based upon service as a County Employee rendered after such date of membership; however, if membership is consummated within one year from the beginning of such term of office and such sums as would have been deducted from his salary had he become a Member at the time of the commencement of such term of office shall have been paid into the Retirement System, he shall thereupon become entitled to all the rights and privileges in the Retirement System as would have been vested in him had he become a Member and Contributor at the time his term of office began.
- (2) Any County Officer who has not become a Member of the Retirement System but who was employed as an elected officer prior to the Effective Date and who held such office on the Effective Date and has continuously held such office, shall be permitted to become a Member of the Retirement System, shall be known as an Original Member, and shall receive full credit for each year of service rendered by him prior to the Effective Date and for each year of service rendered by him thereafter, if such County Officer shall contribute to the Fund the amount which he would have contributed if he had become a Member of the Retirement System on the Effective Date; in which event, the County shall contribute to his credit in the Fund the amount it would have contributed if he had become a Member of the

Retirement System on the Effective Date; and, he shall thereupon become entitled to all the rights and privileges in the Retirement System as would have vested in him had he become a Member and Contributor on the Effective Date.

- (e) Reinstatement on Return to County Employment. Any Contributor separated from County employment by dismissal, resignation, or any other reason, except Retirement, or any County Officer having legally withdrawn from the Retirement System, who returns to County employment and restores to the Fund to the credit of the Member's Annuity Reserve Account his Accumulated Deductions as they were at the time of separation, shall have the annuity rights forfeited by him restored. Contributors choosing to restore to the Fund to the credit of the Member's Annuity Reserve Account less than the full amount of Accumulated Deductions as they were at the time of separation shall only have annuity rights restored for the Years of Credited Service that have been restored, which amount shall be calculated from the Contributor's earliest Year of Credited Service sought to be restored. Payments may be made either in a lump sum or by installments. In the case where payments are made in installments, the final installment payment must be received on the earlier of (i) five (5) years from the date the first installment is made; or (ii) the Member's Retirement date. If a Member dies or otherwise terminates employment before Retirement without repaying the Accumulated Deductions in full, the Member shall receive Years of Credited Service only with respect to the period of absence for which Accumulated Deductions have been repaid by the Member. Any Contributor separated from County service who has not withdrawn from the Retirement System or who has not received distribution of his or her Accumulated Deductions hereunder shall be reinstated as a Member effective as of the date of rehire, and all Years of Credited Service earned prior to his or her date of termination shall be restored.

Section 7. County Employees' Retirement Trust Fund; Contributions; Transfers Between Classes

- (a) Retirement Fund. The County Employees' Retirement Fund shall consist of all moneys arising from contributions made to the County Annuity Reserve Account, the Members Annuity Reserve Account, and any Regular Interest accrued thereon. All moneys and securities in the Fund shall be placed in the custody of the County Treasurer for safekeeping; and, all payments from the Fund shall be made only on requisition signed by the Chairman and Secretary of the Board.
- (b) Contributions to the Retirement Fund. The moneys contributed by the County shall be credited to a County Annuity Reserve Account; and those contributed by the Members and Pickup Contributions shall be credited to a Member's Annuity Reserve Account.
- (1) Member Contributions – Pickup Contributions. Each Member of the Retirement System shall be required to contribute to the Fund the minimum percent of his Compensation as set forth in Appendix A as of the Effective Date for the applicable class. Contributions made in accordance with this Subsection shall be deemed "Pickup Contributions" and shall be treated as the County's contribution in determining federal tax treatment under the Code. For all other purposes

Pickup Contributions shall be treated as contributions made by a Member in the same manner and to the same extent as contributions made prior to the implementation of this Subsection. On or before January 31 of each year, the County shall, at the time when the income and withholding information required by law is furnished to each County Employee also furnish the amount of the Pickup Contribution made on the County Employee's behalf. The County shall pick up the required contributions by an equal reduction in the Compensation of the Member.

(2) Member Contributions – After-Tax Voluntary. Each active Member may elect to contribute an additional amount not exceeding ten percent (10%) more than the minimum percentage herein required. Voluntary contributions may only be made as a percentage of salary, up to two decimal points (e.g., 1.25% of salary, 3.75% of salary). These voluntary contributions shall be paid on an after-tax basis into the Fund through payroll deductions in such manner as the Board may require. All contributions including optional additional contributions (e.g., voluntary after-tax contributions) by Members shall be credited to the Member's Annuity Reserve Account.

(3) County Contributions. The County shall contribute on behalf of each active Member the amount of annual retirement contributions necessary to meet its minimum pension obligation as determined by the actuary, and based upon the demographics of the County, actuarial and mortality tables, and the Retirement Allowance payable on behalf of the Member.

(c) Transfer Between Classes. The Board may at any time, by rule, authorize active Members of the Retirement System, whether Original or New Members, to individually elect to reduce the contribution to any of the percentages required herein for any class lower than the class otherwise designated by the Board as applicable to the Retirement System to which the Member belongs. Any such election shall in no way affect the calculation of the County Annuity portion of the Member's Retirement Allowance as provided in Section 8, which County Annuity portion shall be calculated as though the Member had not made that election. Further, the Board may at any time, by rule, authorize active Members of the Retirement System, whether Original or New Members, to transfer from the one-one hundred twentieth class, or from the one-one hundredth class, to the one-eightieth class to the one-seventieth class, or to the one-sixtieth class. Whenever such transfers are authorized, salary deductions or Pickup Contributions applicable to the transferred Members shall be based upon the percent of salary deduction applicable while in each class, notwithstanding the provisions of Subsection 7(c).

(d) Additional Class Options.

(1) Establish Class. The Board may, by rule, establish a one-fiftieth (1/50th) class or a one-fortieth (1/40th) class with a required Member contribution rate of nine per cent for each class unless the Board establishes a different contribution rate in accordance with Section 7(c).

- (2) Retroactive Application Permitted. The Board may, by rule, authorize the class adopted pursuant to this Section to be applied retroactively to the Member's Years of Credited Service or any portion thereof.
- (3) Class Transfers – Annuity Calculation. Whenever the Board has, by rule, authorized the Members of the Retirement System to make a transfer to the one-fiftieth (1/50th) class or the one-fortieth (1/40th) class, the County Annuity shall be calculated in accordance with Section 10(b) with the new classes added. Notwithstanding the provisions of Section 10(b), if the Board adopts the retroactivity provision in Subsection (b) above, the County Annuity for all Years of Credited Service shall be calculated at the one-fiftieth (1/50th) class rate or one-fortieth (1/40th) class rate, as the case may be.
- (4) The Board may adopt rules pursuant to this Section as provided by the Act.
- (e) Transfer to Accounts Upon Distribution. Upon the granting of a Retirement Allowance to any Contributor, whether as a Superannuation Retirement Allowance, an involuntary or voluntary Retirement Allowance or a total Disability Retirement Allowance, the amount of the Contributor's Accumulated Deductions in the Members Annuity Reserve Account shall lose their status as Accumulated Deductions and shall be transferred to a Retired Member's Annuity Reserve Account. Regular Interest shall be credited up to the date of Retirement, death, or withdrawal, to the Member's Annuity and County Annuity and Retired Member's Annuity Reserve Accounts.
- (f) Termination of Employment Without Withdrawal. Where a Contributor separates from County service with Vesting and does not withdraw his Accumulated Deductions, Regular Interest shall be credited to all Accumulated Deductions credited to his account in the Fund to the date on which he attains his Superannuation Retirement Age. The actuary shall determine the present value of the liability on account of all County annuities payable to Original Members and the percentage of such liability which shall be contributed by the County each year over a period of fifteen (15) years from the time the System is established until the accumulated reserve equals the present value of said liability. All such contributions shall be credited to the County Annuity Reserve Account. The actuary shall also determine the amount which shall be contributed by the County into the Fund periodically for credit to the County Annuity Reserve Account on account of the service of all New and Original Members subsequent to the time of the Retirement System is established.
- (g) Section 415 Limits on Accrued Benefits.
- (1) In General. Notwithstanding anything in the Retirement System to the contrary, the limitations on benefits and contributions contained in Section 415 of the Code are generally applicable to benefits payable under the System effective for Plan Years after December 31, 1975; except, however, a person who was an active Member before October 3, 1973 whose annual benefit (within the meaning of

Section 415(b)(2) of the Internal Revenue Code of 1954 (the 1954 Code)) does not exceed 100 percent of his annual rate of Compensation on the earlier of (i) October 2, 1973 or (ii) the date on which he separated from County service, and such annual benefit is not greater than the annual benefit which would have been payable to the such Member on Retirement if (i) all the terms and conditions of the System in existence on such date had remained in existence until such Retirement and (ii) his Compensation taken into account for any period after October 2, 1973 had not exceeded his annual rate of Compensation on such date, and in the case of a Member who separated from County service prior to October 2, 1973, such annual benefit is no greater than his Vested accrued benefit as of the date he separated from service, then such annual benefit shall be treated as not exceeding the limitations of Subsection 415(b) of the 1954 Code.

(2) Combined Limit. Without negating the generality of C-2(a), for Limitation Years beginning after December 31, 1975 and before January 1, 2000, if a Member participates in one or more defined benefit plans and makes Member contributions other than contributions treated as Pickup Contributions under Section 7(b)(1) or participates in one or more Code Section 401(a)-qualified defined contribution plans, or a welfare benefit fund as defined in Section 419(e) of the Code, under which amounts attributable to post-retirement medical benefits are allocated to separate accounts of key employees, as defined in Section 419A(d)(3) of the Code, or an individual medical account, as defined in Section 415(1)(2) of the Code, which is part of a pension or annuity plan, the Member's accrued benefit under the System shall be adjusted to the extent required, if at all, so that the sum of the defined benefit fraction and the defined contribution fraction for any Limitation Year shall not exceed 1.4 (effective January 1, 1982, 1.0).

(i) Defined Benefit Fraction. The defined benefit fraction for any Limitation Year is a fraction (a) the numerator of which is the Member's projected annual benefit (determined as of the close of the Limitation Year) under all such defined benefit plans (whether or not terminated), and (b) the denominator of which is (i) the sum of the maximum amount of annual additions to such account which could have been made for each year and for each prior year, and (ii) effective January 1, 1982, the lesser of (A) \$90,000, or the applicable dollar limit under Section 415(b) of the Code for such Limitation Year multiplied by 1.25, or (B) for Limitation Years ending before 1995, the Member's average annual Compensation for the three consecutive calendar years of active participation, that produce the highest average, multiplied by 1.4.

(ii) Defined Contribution Fraction. The defined contribution fraction for any Limitation Year is a fraction (i) the numerator of which is the total of the amount treated as annual additions, under Section 415(c) of the Code, to the Member's accounts as of the close of the Limitation Year under all defined contribution plans (whether or not terminated), and (ii) the

denominator of which is the lesser of the following amounts determined for the Limitation Year and for each prior Limitation Year for which the Member was a County Employee (regardless of whether any plan was in existence during such year):

- (a) \$30,000, or the applicable dollar limit for each such Limitation Year, multiplied by 1.25, or
- (b) 35% of the Member's Compensation, for each such Limitation Year.

(h) Maximum Permissible Benefits and Contributions — Code Section 415

(1) In General. Notwithstanding anything in the act or herein to the contrary, effective for Limitation Years beginning on or after January 1, 1995, the annual benefit (attributable to County contributions and Pickup Contributions treated as County contributions in accordance with Subsection 7(b)(2)) with respect to any Contributor payable under the Retirement System and all other defined benefit plans of the employer, when expressed in the form of a straight life annuity, shall not exceed the "maximum permissible benefit." For purposes of this Section 7, the Contributor's maximum permissible benefit shall equal the dollar limit prescribed in Section 415(b)(1)(A) of the Code (\$195,000 in 2011) or such other amount as may be prescribed under regulations issued by the U.S. Secretary of the Treasury under Section 415(d) of the Code, adjusted in accordance with Subsections (2), (3) and (4), below. In addition, the "annual additions," as defined in Section 415(c)(2) of the Code, made by or on behalf on any Member attributable to Member contributions to the Retirement System other than Pickup Contributions treated as County contributions, together with any annual additions, to any Code Section 401(a)- qualified defined contribution plan maintained by the County shall not exceed the maximum amount determined under Section 415(c)(1) of the Code for any Limitation Year.

(2) Adjustment to the maximum permissible benefit. Adjustments shall be made to the maximum permissible benefit in accordance with subparagraphs (1), (2) or (3) below:

- (i) If a Contributor's benefit is payable in any form other than a straight life annuity, the determination as to whether the limitation of this Section 7(h) has been satisfied shall be made by adjusting such benefit to the form of a straight life annuity beginning when the payment of benefits begins. The adjustment described in the preceding sentence shall be made in the manner prescribed by the U.S. Secretary of the Treasury, such that the equivalent annual benefit would be the greater of (A) the equivalent annual benefit computed using seven percent interest rate and GAM83 mortality table, and (B) the equivalent annual benefit computed using an interest assumption of five percent (for distributions made during Plan Years beginning in 2004 or 2005, 5.5 percent) and the mortality table

prescribed by the U.S. Secretary of the Treasury under Section 415(b)(2)(E)(v) of the Code. Notwithstanding the preceding sentence, effective for Plan Years beginning after 2005, for purposes of determining whether any benefit payable as a lump sum satisfies the limitation of this Section, the adjustment described in the preceding sentence shall be made in the manner prescribed by the U.S. Secretary of the Treasury, such that the equivalent annual benefit would be the greatest of (X) the equivalent annual benefit computed using the interest rate and mortality table specified in the plan for actuarial equivalence for the particular form of benefit payable; (Y) the equivalent annual benefit computed using an interest rate assumption of 5.5 percent and the mortality table prescribed by the U.S. Secretary of the Treasury under Section 415(b)(2)(E)(v) of the Code; and (Z) the equivalent annual benefit computed using the interest rate specified in Section 417(e)(3) of the Code and the mortality table prescribed by the U.S. Secretary of the Treasury under Section 415(b)(2)(E)(v) of the Code divided by 1.05. However, for the purposes of such adjustment, any ancillary benefit that is not directly related to retirement income benefits and that portion of any joint and survivor annuity that is actuarially equivalent to the default form of payment benefit payable to a married Contributor shall not be taken into account.

- (ii) If the benefit of a Contributor who is not a “qualified participant,” as defined in Section 415(b)(2)(H) of the Code, begins before he or she reaches age sixty-two (other than on account of becoming Disabled or death), the maximum permissible benefit shall be adjusted in accordance with Section 415(b) of the Code and the regulations thereunder, to an amount (beginning when the payment of benefits begins) that is actuarially equivalent to an annual benefit equal to the maximum permissible benefit determined under Subsection (1) above (adjusted through the Limitation Year when payment of benefits begins for increases in the cost of living in accordance with Section 415(d) of the Code) beginning at age sixty-two. (A) For Limitation Years beginning before July 1, 2007, the defined benefit dollar limitation applicable at an age prior to age sixty-two is determined as the lesser of (i) the Actuarial Equivalent (at such age) of the defined benefit dollar limitation computed using a five percent interest rate and the Unisex UP-84 Mortality Table and (ii) the Actuarial Equivalent (at such age) of the maximum permissible benefit computed using a five percent (5%) interest rate and the applicable mortality table prescribed by the U.S. Secretary of the Treasury under Section 415(b)(2)(E)(v) of the Code. (B) For Limitation Years beginning on or after July 1, 2007, the defined benefit dollar limitation applicable at an age prior to age sixty-two (62) is determined as the lesser of (i) the Actuarial Equivalent (at such age) of the defined benefit dollar limitation computed using a five percent (5%) interest rate and the applicable mortality table within the meaning of Section 417(e)(3)(B) of the Code (and expressing the Contributor’s age based on completed calendar months as of the annuity starting date) and

(ii) the defined benefit dollar limitation multiplied by the ratio of the annual amount of the immediately commencing straight life annuity under the System at the Contributor's annuity starting date to the annual amount of the immediately commencing straight life annuity under the plan at age sixty-two (62), both determined without applying the limitations of Section 415 of the Code. (C) For Limitation Years beginning prior to 2002, the reduction shall not reduce the maximum permissible benefit below \$75,000 if the benefit begins at or after age fifty-five (55), or, if the benefit begins before age fifty-five (55), the equivalent of the \$75,000 limit for age fifty-five (55). Any decrease in the maximum permissible benefit made in accordance with this paragraph (b)(2) shall not reflect a mortality decrement.

- (iii) If the benefit of a Contributor begins after he or she reaches age sixty-five, the maximum permissible benefit of Subsection (1) above shall be increased in accordance with Section 415(b) of the Code and the regulations there under to an amount (beginning when the payment of benefits begins) that is actuarially equivalent to an annual benefit equal to the maximum permissible benefit of Subsection (1) above (adjusted through the Limitation Year when payment of benefits begins for increases in the cost of living in accordance with Section 415(d) of the Code) beginning at age sixty-five (65). (A) For Limitation Years beginning before July 1, 2007, the Actuarial Equivalent of the maximum permissible benefit applicable at an age after age sixty-five (65) is the lesser of (i) the Actuarial Equivalent (at such age) of the maximum permissible benefit computed using a five percent (5%) interest rate and the unisex UP-84 mortality table and (ii) the Actuarial Equivalent (at such age) of the maximum permissible benefit computed using a five percent (5%) interest rate assumption and the applicable mortality table prescribed by the U.S. Secretary of the Treasury under Section 415(b)(2)(E)(v) of the Code. (B) For Limitation Years beginning on or after July 1, 2007, the Actuarial Equivalent of the maximum permissible benefit applicable at an age after age sixty-five (65) is the lesser of: (i) the Actuarial Equivalent (at such age) of the maximum permissible benefit using a five percent (5%) interest rate and the applicable mortality table within the meaning of Section 417(e)(3)(B) of the Code (and expressing the Contributor's age based on completed calendar months as of the annuity starting date) and (ii) the maximum permissible benefit multiplied by the ratio of the annual amount of the immediately commencing straight life annuity payable to the Contributor, computed disregarding the Contributor's accruals after age sixty-five (65), but including any actuarial adjustments even if those adjustments are applied to offset accruals, to the annual amount of the straight life annuity that would be payable under the plan to a hypothetical Contributor who is sixty-five (65) years old and has the same accrued benefit (with no actuarial increases for commencement after age sixty-five (65)) as the Contributor receiving the distribution (determined

disregarding the Contributor's accruals after age sixty-five (65) and without applying the rules of Section 415 of the Code). For purposes of both (A) and (B) above, mortality between age sixty-five (65) and the annuity starting date shall be ignored.

- (3) Lowest limitation of maximum permissible benefit. Except as provided in Subsection (d) hereof, the maximum permissible benefit shall never be deemed to be an amount which is less than \$10,000, provided the Contributor is not, and has never been, a participant in any Code Section 401(a) qualified defined contribution plan of the employer.
- (4) Maximum permissible benefit applicable to certain Contributors who have less than ten Years of Credited Service with the County. The maximum permissible benefit applicable to any Contributor, other than a Retiree receiving Disability benefits, or Beneficiaries, survivors, or the estate of a Contributor, who has less than ten (10) Years of Credited Service with the County shall be equal to the lesser of the maximum permissible benefit or \$10,000 multiplied by a fraction, the numerator of which is the number of the Contributor's years (or part thereof) of participation service in the Retirement System as of and including the current Limitation Year, and the denominator of which is ten.
- (5) Limitation of accrued benefit if annual benefit exceeds maximum permissible benefit. If the Contributor's annual benefit exceeds the maximum permissible benefit after the application of the appropriate factors, such Contributor's accrued benefit shall be limited to an amount which produces an annual benefit equal to the maximum permissible benefit, adjusted, where applicable, as set forth in this Section 7(h).
- (6) For purposes of this Section, "participation service" means an accrual computation period for which the following conditions are met: (1) the Contributor is credited with at least the period of service for benefit accrual purposes, required hereunder in order to accrue a benefit for the accrual computation period, and (2) the Contributor is included in the Retirement System for at least one day of the accrual computation period. If these two conditions are met, participation service credited to the Contributor hereunder shall equal the amount of benefit accrual service (Years of Credited Service) credited to the Contributor for such accrual computation period.

Section 8. Management and Investment of Fund

- (a) Management of Fund. The Members of the Board shall be trustees of the Fund, and shall have exclusive management of the Fund with full power to invest the moneys therein subject to the terms, conditions, limitations, and restrictions imposed by law upon fiduciaries. Subject to like terms, conditions, limitations, and restrictions, the trustees shall have power to hold, purchase, sell, assign, transfer or dispose of any of the

securities and investments in the Funds, as well as the proceeds of investments and the moneys belonging to the Fund.

- (b) Regular Interest. The Board shall annually allow Regular Interest on the mean amount for the preceding year to the credit of each of the accounts. The amount so allowed shall be credited to each Contributor's Account and shall be one hundred percent (100%) vested at all times. The Board may, by January 31 of each year, determine the rate of Regular Interest to be credited to the Member's Annuity Reserve Account for the current Plan Year, such rate of Regular Interest not to be less than four percent (4%) nor more than five and one-half percent (5.5%) per year. The Regular Interest charges payable, the creation and maintenance of the necessary reserves for the payment of the County and Members' Annuities, and any additional retirement benefits, are hereby made obligations of the County. The Board shall cause to be prepared and submitted to the County Commissioners, on or before the first day of November of each year, an itemized estimate of the amounts necessary to be appropriated by the County to complete the payment of the obligations of the County during the next fiscal year.
- (c) Forfeitures. Any forfeitures during a year arising from a Member's termination of employment or otherwise shall be used to reduce the County's contributions for the following year as determined by the actuary and shall not increase any Retirement Allowance otherwise payable hereunder.

Section 9. Service Credit and Allowance

- (a) Years of Credited Service – Vesting.
 - (1) Accumulated Deductions. A Member shall be one hundred percent (100%) vested in his Accumulated Deductions, and any Regular Interest credited thereon, at all times.
 - (2) County Annuity Reserve Account. A Member shall be one hundred percent (100%) vested in amounts credited to his County Annuity Reserve Account upon earning five (5) Years of Credited Service.
- (b) Years of Credited Service – Retirement Allowance. In computing the Years of Credited Service of a Contributor for Retirement purposes, a Year of Credited Service shall be given to each Original Member for each twelve (12) consecutive months of service (beginning with his hire date) rendered to the County prior to the Effective Date of the Retirement System. This shall include the services of a County Officer whose compensation was in the form of fees collected by his office, and shall also include the services of the County Employees paid directly by such County Officer out of such fees. A Year of Credited Service shall also be given for each twelve (12) consecutive months of service (beginning with his hire date) of a Contributor who was a per diem employee of the County for a period of at least five (5) years prior to the Effective Date so long as he averaged at least two hundred (200) days of employment in each year of service. As soon as practicable after the Effective Date of the Retirement System, the Board shall

issue to each Original Member a certificate certifying the aggregate years of service prior to the Effective Date, which shall equal the Original Member's Years of Credited Service hereunder. Such certificate shall be final and conclusive as to his Prior Service, unless thereafter modified by the Board upon application of the Member.

- (c) Years of Credited Service – Part-time Employee. Any Member who had been employed on a Part-time basis and had been excluded from membership in the System and who completed more than 1,000 Hours of Service during the 12-month period beginning on the first day of employment or in any succeeding 12-month period thereafter shall receive a fractional Year of Credited Service determined by calculating the ratio of the number of Hours of Service credited in that 12-month period to 1,400 hours for the purpose of the computation of his Retirement Allowance upon payment by the employee of the amount the Board determines should have been paid as Accumulated Deduction during such period. Such payment may be made in installments over a period of twenty-four (24) months with the first installment beginning on the date the Part-time Employee becomes a Member. If the Part-time Employee terminates employment before repayment of the Accumulated Deductions in full, Years of Credited Service shall be granted only with respect to the Accumulated Deductions repaid. Any Part-Time Employee electing to opt out of Plan participation in accordance with Section 6(c)(1) shall not receive Years of Credited Service.

- (d) Years of Credited Service – Leave of Absences. The time during which a Member is absent from service on leave without pay may be counted in computing the Years of Credited Service of a Contributor, if allowed by the County Commissioners and approved by the Board so long as the Member pays to the Fund the Pickup Contribution and the County's contribution, each of which are based upon the contributions made during the twelve (12) month period immediately before the leave of absence and must be received on the earlier of (i) twenty-four (24) months from the date upon which the Member commences repayment; or (ii) the Member's Retirement date. If a Member dies or otherwise terminates employment without repaying the Pickup Contributions and County's contributions in full, the Member shall receive Years of Credited Service only with respect to the period of absence for which Pickup Contributions and County contributions have been repaid by the Member.

- (e) Years of Credited Service – Military Leave
 - (1) Qualifying Military Service From September 16, 1940 Through December 11, 1994. Any County Employee who, on or after September 16, 1940 has been employed by the County for a period of six (6) months and who, on or subsequent to such date, shall have enlisted or been inducted into the military service of the United States in time of war, armed conflict or national emergency, so proclaimed by the President or the Congress of the United States, shall have credited to his employment record, for Retirement Allowance calculations, all of the time spent by him in such Qualified Military Service during the continuance of such war, armed conflict or national emergency. Contributions on account of credit for intervening Qualified Military Service shall be determined by imputing on behalf

of the Member for the period time spent in active Qualified Military Service the Member's contribution rate and Compensation at the time of entry into active Qualified Military Service. In addition, Regular Interest shall be credited during all periods of subsequent County service to date of purchase. Said contribution shall be paid into the Fund by the County. Any Members who have made payments into the Fund for which payments the County is liable shall be reimbursed by the County to the full extent of such payments, or shall be given credit towards future Pickup Contributions.

- (2) Non-Intervening Military Service. With the approval of the Board, all Members of the Fund who are Contributors and who served actively in the armed forces of the United States, shall be entitled to have full service credit for each year or fraction thereof, not to exceed five (5) Years of Credited Service; provided that the Member has three (3) Years of Credited Service subsequent to such Qualified Military Service and regardless of whether he is entitled to receive, eligible to receive now or in the future, or is receiving retirement benefits for such service under a retirement system administered and wholly or partially paid for by any other governmental agency. The amount due for the purchase of a Year of Credited Service for credit for Qualified Military Service other than intervening Qualified Military Service shall be determined by applying the Member's contribution rate of five percent (5%) plus a County contribution rate of five percent (5%) to his average annual rate of Compensation over the first three (3) Years of Credited Service and multiplying the result by the number of years and fractional part of a year of creditable non-intervening Qualified Military Service being purchased together with Regular Interest from the commencement of such credited membership service to date of purchase. Said contributions shall be paid into the Fund by the Member.
- (3) Qualifying Military Service From December 12, 1994 Through February 13, 2017. Effective for Qualifying Military Service leaves commencing between December 12, 1994 and February 13, 2017, any Member who is absent on account of Qualified Military Service shall receive service credit, contributions, benefits and other rights provided under this Subsection 9(c)(3) in lieu of the service credit, contributions, benefits or other rights to which the Member would otherwise be entitled under Subsection 9(a) or 9(b), except to the extent the Member would be entitled to greater service credit, contributions, or benefits or more valuable rights under Subsection 9(a) or 9(b). A Member described in this Subsection 9(c)(3) shall receive Years of Credited Service for the full period of Qualified Military Service for purposes of vesting, benefits and other rights and regardless of whether he is entitled to receive, eligible to receive now or in the future, or is receiving retirement benefits for such service under a retirement system administered and wholly or partially paid for by any other governmental agency. Further, such Member shall also receive Years of Credited Service for all other purposes of the Retirement System, the County shall make all County contributions that would have been due on account of such Member, and the Member shall be entitled to all other rights and benefits accruing on account of

such contributions and service. For purposes of this Subsection 9(c), a Member shall be treated as having received Compensation during his Qualified Military Service based on the rate of Compensation the Member would have received but for his Qualified Military Service or if such amount is not reasonably certain, his average Compensation during the twelve (12) month period immediately preceding his Qualified Military Service (or, if shorter, the period of time immediately preceding his Qualified Military Service). This Subsection 9(c)(3) shall be applied in a manner consistent with Section 414(u) of the Code except that reemployment of the Member upon return from Qualified Military Service shall not be required for purposes of determining Years of Credited Service, Pickup Contributions, or County contributions.

- (4) Qualifying Military Service Beginning On or After February 13, 2017. Effective for Qualifying Military Service leaves commencing on or after February 13, 2017, any Member who is absent on account of Qualified Military Service and returns to County service within the period of time during which his reemployment rights shall be protected by federal law shall receive service credit, contributions, benefits and other rights provided under this Subsection 9(c) in lieu of the service credit, contributions, benefits or other rights to which the Member would otherwise be entitled under Subsection 9(a) or 9(b), except to the extent the Member would be entitled to greater service credit, contributions, or benefits or more valuable rights under Subsection 9(a) or 9(b). A Member described in this Subsection 9(c)(4) shall receive Years of Credited Service for the full period of Qualified Military Service for purposes of vesting, benefits and other rights, regardless of whether he is entitled to receive, eligible to receive now or in the future, or is receiving retirement benefits for such service under a retirement system administered and wholly or partially paid for by any other governmental agency, and so long as such Member pays into the Fund an amount equal to the Pickup Contributions such Member would have been required to make but for his absence on account of Qualified Military Service. The payment of Pickup Contributions must be made within five (5) years of the date upon which he returns to County employment (or, if lesser, the period of time that is three (3) times the length of his Qualified Military Service). If the Member fails to repay the Pickup Contributions, or if the Member terminates employment before the Pickup Contributions are repaid in full, the Member shall receive a Year of Credited Service only to the extent the related Pickup Contributions have been repaid. Further, such Member shall also receive Years of Credited Service for all other purposes of the Retirement System, the County shall make all County contributions that would have been due on account of such Member, and the Member shall be entitled to all other rights and benefits accruing on account of such contributions and service. For purposes of this Subsection 9(c)(4), a Member shall be treated as having received Compensation during his Qualified Military Service based on the rate of Compensation the Member would have received but for his Qualified Military Service or if such amount is not reasonably certain, his average Compensation during the twelve (12) month period immediately preceding his Qualified Military Service (or, if shorter, the period of time

immediately preceding his Qualified Military Service). This Subsection 9(c)(4) shall be applied in a manner consistent with Section 414(u) of the Code.

(i) Examples Applying Qualifying Military Service Beginning After February 13, 2017:

EXAMPLE 1 – FULL SERVICE CREDIT: Assume Sharon Smith has been employed by the County for a period of six years with a hire date of June 1, 2010. On September 1, 2017, Sharon is called to active duty and is required to take a leave of absence from the County in order to fulfill her military obligations. For the period beginning September 1, 2017 and ending January 1, 2019, Sharon will be on a leave of absence for qualifying Military Service. Prior to her leave, Sharon's average Compensation for the 12-month period immediately preceding the leave of absence is \$35,000 per year. At the end of her Qualifying Military Service, Sharon returns to the County as an Employee and resumes her service with the County. Sharon has five (5) years from the date of her reemployment to make her Pickup Contribution, which is equal to approximately \$2,333. The Pickup Contribution is based upon Sharon's average Compensation immediately prior to her September 1, 2017 leave date and is multiplied by the 5% contribution rate. The annual contribution amount equals \$1,750, which is the 5% contribution rate multiplied by \$35,000 annual compensation (or \$145.83 per month). For 16 months of leave, the Member Contribution amount equals \$2,333 (\$145.83 per month multiplied by 16 months). As long as Sharon makes the \$2,333 Member Contribution amount within 5 years from the date of reemployment, she will receive Years of Credited Service for the 16 months of military leave. In addition, the County shall also make the County Contribution for that period of military leave as well.

EXAMPLE 2 – PARTIAL SERVICE CREDIT: Using the same facts above, assume Sharon returns to County service on January 1, 2019 and begins repaying her Pickup Contributions at a rate of \$200 per month. Assume further that Sharon terminates employment with the County on August 31, 2019 when only \$1,600 in Pickup Contributions have been repaid. Using the formula above, which calculates her estimated monthly Pickup Contribution to be \$145.83, Sharon has repaid approximately 11 months of service credit (\$1,600 repaid divided by \$145.83 per month = 10.97 months). Therefore, upon Sharon's termination from County service, she will have repurchased and will receive credit for 11 months of military service, and the remaining 5 months will be forfeited.

EXAMPLE 3 -- NO SERVICE CREDIT: Using the same facts set forth in Example 1, assume that Sharon does not return to County service after her deployment ends. In that case, Sharon will not receive any service credit

for the period of military service, and any County contributions made on her behalf for that military service will be forfeited.

- (5) Death of Member While Performing Qualified Military Service. Effective January 1, 2007, in the case of a Member who dies while performing Qualified Military Service, the Member's surviving Beneficiary shall be entitled to any additional benefits (other than benefit accruals relating to the period of Qualified Military Service) provided herein as though the Member had resumed employment with the County on the day before death and then terminated employment on account of death in accordance with Section 401(a)(37) of the Code.
- (f) Public School District Employees. Any Member who, on or after July 1, 1982 is employed by the County for a period of one (1) month and who, on or immediately prior to July 1, 1982 was an employee of a public school district, shall have credited to his total Years of Credited Service for purposes of retirement benefits under the System, all years of service earned by and credited on behalf of such Member as an employee in the school district; provided however, that the Member contribute to the Fund (i) the total amount of employee Accumulated Deductions withdrawn from the Public School Employees' Retirement Fund, (ii) the Board of the Public School Employees' Retirement Fund transferred to the Fund within thirty (30) days of receipt of a written request from the County the total amount of the employer contributions and the accumulated interest on such contributions, and so long as the Member commences work with the County within thirty (30) days after leaving employment with the public school district. This Section shall apply only where the transfer of employment from the public school district to the County was not voluntary on the part of the Member.

Section 10. Distribution - Retirement Allowance

- (a) Retirement Allowance – Superannuation Retirement Age. Any Contributor who has reached Superannuation Retirement Age may Retire for superannuation by filing with the Department Head of the Department of Human Resources a written statement duly signed by the Contributor setting forth the date he desires to Retire. Further, any Contributor who has completed twenty (20) Years of Credited Service and who has reached Superannuation Retirement Age shall be entitled to the superannuation Retirement Allowance provided in this Section 10. The Contributor's Retirement Allowance shall commence to be distributed at the time so specified. A Retiree shall receive a Retirement Allowance which shall consist of: (i) a Member's Annuity which shall be the Actuarial Equivalent of his Accumulated Deductions standing to his credit in the Members' Annuity Reserve Account, and (ii) a County Annuity, which is actuarially determined based on the rate of accrual (i.e. class) multiplied by Final Salary and multiplied by the Years of Credited Service earned during the period each class was in effect; (iii) in addition, thereto, in the case of an Original Member, one-one hundred twentieth (1/120th) of his Final Salary multiplied by each year of Prior Service. At any time the Board by rule may, by increasing the County Annuity, authorize the payment of a minimum Retirement Allowance of one hundred dollars (\$100) per month to every Contributor who shall thereby Retire for superannuation after twenty (20) Years of Credited Service.

(b) Retirement Allowance – County Annuity – Class Transfers. Whenever the Board has by rule authorized the Members of the Retirement System to transfer from the one-one hundred twentieth (1/120th) class to the one-one hundredth (1/100th) class, or whenever the Board shall hereafter by rule authorize the transfer to the one-eightieth (1/80th) class, to the one-seventieth (1/70th) class or the one-sixtieth (1/60th) class, the County Annuity shall be calculated as follows:

- (1) For service prior to the time of transfer, at the one-one hundred twentieth (1/120th) rate, the one-one hundredth (1/100th) rate, the one-eightieth (1/80th) rate, the one seventieth (1/70th) rate or the one-sixtieth (1/60th) rate as the case may be.
- (2) For service subsequent to the time of transfer to the time of Retirement, or to the time of a subsequent transfer, at the rate applicable during such period.
- (3) For all service prior to the time of commencing contribution, as the time Member contributions were made at the one-one hundred twentieth (1/120th) rate bears to the total time of contribution and as the time Member contributions were made at any other rate herein provided for bears to the total time of contribution.

(c) Example of Retirement Allowance Calculation:

(1) Assume John Smith elects to Retire on November 21, 2016 at age 63, and based upon John’s age and Years of Credited Service, his Retirement is classified as Superannuation Retirement. John has worked for the County for 20.85 years, with an additional 5 years of Qualifying Military Service for which John received credit. John’s Anniversary Date is June 1st and his Final Salary is calculated as follows:

| | |
|--|-----------|
| June 1, 2016 through November 21, 2016 | \$53,250 |
| June 1, 2015 – May 31, 2016 | \$102,450 |
| June 1, 2014 – May 31, 2015 | \$101,350 |
| June 1, 2013 – May 31, 2014 | \$98,500 |

The average of three highest Years of Credited Service equals: \$100,766.67 (\$102,450 + 101,350 + 98,500) divided by 3. Only full Years of Credited Service are counted for purposes of calculating Final Salary.

John’s Retirement Allowance includes the following:

| | |
|--|---------------------|
| Member Pickup Contributions, plus Regular Interest | \$149,000.65 |
| Present Value of County Annuity actually determined based upon final salary, applicable class and years of credited service [Final Salary x Class x Years of Credited Service] [100,766.67 x Class (Actuarially Determined) x 25.85] | <u>\$452,977.88</u> |

Section 11. Distribution - Special Early Retirement

(a) Board Approval. If approved by the Board, a special early retirement provision may be adopted for active Members of the County Employees' Retirement System. If applicable, the terms and conditions of the early retirement are set forth in Appendix C, which include explicit effective beginning and ending dates and which shall not be less than sixty (60) days nor more than one hundred twenty (120) days, with a seven-day revocation period after the active Member's initial election, and following the election period, the special early retirement period which is not to exceed twelve (12) months.

(b) Eligibility for Special Early Retirement. To be eligible for special early retirement, a Member must meet the specified requirements established at the time of Retirement during the special early retirement period. Minimum eligibility for special early retirement cannot be less than attainment of fifty-five (55) years of age and ten (10) Years of Credited Service or thirty (30) Years of Credited Service with no age requirement. A Member who is eligible for the special early retirement shall be credited with additional full Years of Credited Service, which shall be no less than ten percent (10%) nor more than thirty percent (30%) of the Member's Years of Credited Service, the result then rounded to the next full year, at the current designated county class base.

(c) Actuarial Determinations. The increase in actuarial accrued liability attributable to the special early retirement provision shall be determined by the actuary of the Board and shall be amortized by level dollar amortization payments over the five-year period the end of which is the end of the fifth (5th) Retirement System year occurring after the end of the early retirement period.

(d) Limitations. No more than one (1) special early retirement provision can be authorized within a five-year period.

**Section 12. Involuntary Retirement Allowance;
Voluntary Retirement Allowance after Twenty Years of Service**

(a) Involuntary Termination or Discontinuation. Should a Contributor involuntarily terminate service, or, if an elected County Officer completes his term of office and discontinues service after having completed eight (8) Years of Credited Service, or voluntarily after having completed twenty (20) Years of Credited Service but before reaching Superannuation Retirement Age, except as herein provided for certain Contributors who have completed twenty (20) Years of Credited Service, he shall be paid as he may elect, as follows:

(1) The full amount of the Accumulated Deductions standing to his credit in the Members' Annuity Reserve Account, plus Regular Interest credited thereon; or

(2) A Member's Annuity of Equivalent Actuarial Value to his Accumulated Deductions standing to his credit in the Member's Annuity Reserve Account, and,

in addition, a County Annuity which is the Actuarial Equivalent of a County Annuity beginning at Superannuation Retirement Age but based on Years of Credited Service earned up to the date of discontinuance from service and not on the Years of Credited Service required to reach Superannuation Retirement Age. The same options shall be available to Retirees in case of involuntary retirement as provided herein in the case of superannuation Retirement. In the event a Contributor, after having completed eight (8) or more Years of Credited Service, shall be discontinued from service because of appointment or election to the General Assembly of the Commonwealth or to a position incompatible with his service as a County Employee or County Officer and such County Employee or County Officer has not reached the Superannuation Retirement Age, such withdrawal shall be considered involuntary. In that case, the Accumulated Deductions and the contributions of the County, at the option of the County Employee or County Officer, shall remain in the Fund until Superannuation Retirement Age has been reached. In the event a refund of Accumulated Deductions has been made and the County's accumulated contributions have been withdrawn under the above circumstances, the County Employee or County Officer shall be permitted to repay into and the County shall be required to reimburse the Fund the amounts paid out, with interest through the date of repayment, thereby reestablishing the rights of the Contributor in said Fund even though Superannuation Retirement Age has been reached and benefits shall be paid as if the original severance had been involuntary.

Section 13. Retirement as of Time of Death

(a) Any Contributor who would be entitled to a Retirement Allowance because of being involuntarily Retired after having completed ten (10) Years of Credited Service, or by reason of having reached Superannuation Retirement Age may file with the Board a written application for Retirement in the form required for such application, but requesting that such Retirement shall become effective as of the time of his death, electing Option 1 or Option 2 provided in Section 17(a) and nominating a Beneficiary under the option elected.

(b) In all such cases, the application shall be held by the Board until the Contributor shall file a later application in the usual manner for Retirement, or until the death of the Contributor occurring while in County service at which time his Retirement shall become effective with the same benefits to the designated Beneficiary as if the Contributor had Retired on the day of death.

Section 14. Preretirement Death Benefits

(a) Any Contributor who is or was entitled to a Retirement Allowance because of being involuntarily Retired after having completed ten (10) Years of Credited Service or by reason of having reached Superannuation Retirement Age and who shall die while in County service before filing with the Board a written application for Retirement, or has died and whose payments into the Fund have not been withdrawn, shall be considered as

having elected Option 1 under Section 17(a) as of the date of his death. In such event, payment under Option 1 shall be made to the Beneficiary designated in the nomination of Beneficiary form on file with the Board. If the Beneficiary has predeceased the Contributor, payment under Option 1 shall be made to the legal representative of the Contributor.

Section 15. Total Disability Retirement Allowance

(a) Retirement Allowance – Disability. If a Member after five (5) Years of Credited Service and before reaching Superannuation Retirement Age is Disabled while in service and is unable to continue providing services on behalf of the County, he shall be paid a Retirement Allowance consisting of a County Annuity of twenty five percent (25%) of his Final Salary which shall include the Member's Annuity calculated in accordance with Section 11.

(b) Death Following Disability. Should a Member receiving a Disability Retirement Allowance die before receiving total payments equal to the amount standing to his credit in his Member's Annuity Reserve Account at the time of Retirement, the balance shall be paid to the Member's designated Beneficiary, or if none, to the Member's legal representative.

Section 16. Distribution – Non-Vested Member

(a) Any Member who terminates employment with the County without Vesting shall be permitted to receive a distribution of amounts credited to his Members Annuity Reserve Account. Distribution shall be made in the form of a lump sum payment or, upon timely election by the Member, rolled directly into an individual retirement account on his behalf.

(b) Any Member who terminates employment with the County without Vesting and who, after at least two (2) attempts by the County, fails to direct the County with respect to the distribution or rollover of his Members Annuity Reserve Account shall have such amount rolled into a qualified individual retirement account established by the County on the Member's behalf. Notwithstanding the foregoing, to the extent the Member fails to direct the County with respect to the distribution of his Members Annuity Reserve Account and such Account is two hundred fifty dollars (\$250) or less, such amount shall escheat to the Commonwealth.

Section 17. Distribution Options Under the Fund

(a) Superannuation Retirement Distribution Options. Subject to the limitations on accrued benefits as set forth in Section 7(g), at the time of his Superannuation Retirement Age, any Retiree may elect to receive either his Retirement Allowance payable throughout his life. If, as of his date of death, the Retiree fails to receive payments at least equal to his Accumulated Deductions, determined as of the date of Retirement, an amount equal to the balance of his Accumulated Deductions shall be paid to his legal

representative or his Beneficiary (known as “No Option”). Alternatively, the Retiree may elect to receive the full amount of the Accumulated Deductions standing to his individual credit in the Member’s Annuity Reserve Account at the time of his voluntary or involuntary Retirement, or he may in any event elect to receive the Actuarial Equivalent of his Member’s and County Annuity in a lesser Retirement Allowance payable throughout life with provisions that:

- (1) Option 1. If he dies before receiving in payments equal to the Actuarial Equivalent of the Member’s Annuity and County Annuity determined as of his Retirement, the balance shall be paid in a lump sum to his Beneficiary, or if none, his legal representative.
- (2) Option 2. Upon his death, his Member’s Annuity and County Annuity shall be continued through the life of and paid to his primary Beneficiary. If the Retiree and primary Beneficiary fail to receive payments at least equal to the Member’s Accumulated Deductions determined as of the date of Retirement, an amount equal to the balance of the Member’s Accumulated Deductions shall be paid in a lump sum to the Member’s contingent Beneficiary, or if none, the Member’s legal representative.
- (3) Option 3. Upon his death, one-half (1/2) of his Members Annuity and County Annuity shall be continued through the life of and paid to the Member’s primary Beneficiary. If the Retiree and primary Beneficiary fail to receive payments at least equal to the Member’s Accumulated Deductions determined as of the date of Retirement, an amount equal to the balance of the Member’s Accumulated Deductions shall be paid in a lump sum to the Member’s contingent Beneficiary, or if none, the Member’s legal representative.

(b) Option to Withdraw Accumulated Deductions and Regular Interest. Any Member of the County Retirement System who is eligible to Retire and receive a superannuation Retirement Allowance, an involuntary Retirement Allowance or a voluntary Retirement Allowance after twenty (20) Years of Credited Service may elect to receive, in one (1) payment, the full amount of the Accumulated Deductions and Regular Interest thereon credited to the Member’s Annuity Reserve Account as of the date of his Retirement. Any Member who makes such an election shall forfeit the Members’ annuity payment option applicable to the Members Annuity Reserve Account; however, he shall continue to be entitled to the County Annuity payment option upon Retirement if he is otherwise so entitled. Any Member who exercises the payment option provided for in this Section 17(b) may elect to receive his County Annuity payable throughout his life (known as Option 4(A)) or to receive the Actuarial Equivalent of his County Annuity in a lesser Retirement Allowance payable throughout life with provisions that:

- (1) Option 4(B). If the Member dies before receiving in payments the Actuarial Equivalent of the County Annuity, determined as of the Member’s Retirement, the balance shall be paid in a lump sum to the Member’s Beneficiary, or if none, the Member’s legal representative.

- (2) Option 4(C). Upon the Member's death, the County Annuity shall be continued in the form of a survivor annuity through the life of and paid to the Member's Beneficiary.
- (3) Option 4(D). Upon the Member's death, one-half (1/2) of the County Annuity shall be continued in the form of a survivor annuity through the life of and paid to the Member's Beneficiary.
- (c) Distribution Before Qualifying for Retirement Allowance. Where a Contributor terminates service before qualifying for a Retirement Allowance or where a Contributor has died before completing ten (10) Years of Credited Service, the amount standing to the credit of the Contributor in the Member's Annuity Reserve Account shall be paid to him, to his Beneficiary, or, if he has no designated Beneficiary, to his estate. When a Contributor or a Beneficiary has died and there shall be due to the estate of such Contributor or Beneficiary a sum less than one hundred dollars (\$100), and letters testamentary or of administration have not been taken out on the estate of such Contributor or Beneficiary within six (6) months of death, the Board may pay the amount due on the claim of the undertaker or to any person or persons or political subdivision who or which shall have paid the claim of the undertaker.
- (d) Distribution After Vesting. Where a Contributor terminates service after completing five (5) Years of Credited Service, he may elect to have the Board pay to him the amount standing to his credit in the Member's Annuity Reserve Account. Alternatively, the Member may elect Vesting, which retains his Accumulated Deductions in the Member's Annuity Reserve Account until the Member applies for his Retirement Allowance upon reaching Superannuation Retirement Age.
- (e) Distribution of Small Amounts. Except as provided in Subsection (c) above, with respect to death benefits due an estate or Beneficiary of less than one hundred dollars (\$100), a Contributor, an alternate payee under a domestic relations order, as defined in Section 414(p) of the Code, or a surviving spouse who is entitled to a lump sum payment or survivor annuity under this Section 17 shall not be paid such amount until consenting to such distribution in writing. Provided, however, that with respect to distributions under this Subsection 17(e) occurring on or after March 28, 2005 and in accordance with the Code, the Board may transfer any amount due to a qualified individual retirement account or annuity established for the benefit of such Member without his consent.
- (f) Additional Benefits. In addition to the Retirement Allowance, the Board may grant to retired employees insurance or other similar benefits that the County has granted to other County Employees.
- (g) Monthly Payments of Retirement Allowances. Subject to the limitations on accrued benefits set forth in Section 7(g) herein and except with respect to payments made in a lump sum, Retirement Allowances granted under this Retirement System shall be paid in equal monthly installments and shall not be increased, decreased, revoked or repealed, except as otherwise duly authorized. This Section shall not be construed to

prohibit the Board from granting to retired employees insurance or other similar benefits granted to other County Employees.

(h) Simultaneous Payments of Salary and Retirement Allowance. Should a Retiree be reemployed as a County Employee, the Retirement Allowance of such person shall immediately cease. Such person shall thereupon be reinstated as a Contributor; and, there shall be restored to his credit as Accumulated Deductions the actuarial value of his Member's Annuity computed as of the date of his reemployment. Should he refuse to surrender his right to Retirement Allowance as of the date of his reemployment, it shall be unlawful for the County to reemploy him. For the purposes of this Subsection 17(h), if a person serves as a juror, master, or arbitrator, he shall not be deemed reemployed. If a Retiree is reemployed on a Part-time basis, the Retirement Allowance shall not cease, however, but shall be reduced on a pro-rata basis with respect to Compensation received for service in excess of 1,000 Hour of Service per year. Such reduction shall, however, not exceed the amount of the Retirement Allowance. A Retiree reemployed on a Part-time basis shall not be reinstated as a Contributor and shall not receive additional Years of Credited Service for Retirement purposes.

Section 18. Required Minimum Distributions — Code Section 401(a)(9)

(a) Notwithstanding any other provision herein, , any and all benefit distributions made under this Retirement System on or after shall be made in accordance with a reasonable and good faith interpretation of Section 401(a)(9) of the Code, including the incidental death benefit requirements of Section 401(a)(9). In accordance with this requirement, the following rules shall apply:

- (1) Distributions that begin during the Contributor's lifetime shall begin no later than April 1 following the calendar year in which the Contributor Retires or the calendar year in which the Contributor attains age seventy three (73), (as adjusted by Section 401(a)(9) or the regulations issued thereunder), age seventy-two (72) before January 1, 2023 and age seventy and one-half (70 ½) before January 1, 2020) and shall be distributed over the life of the Contributor or the joint lives of the Contributor and his Beneficiary (or over a period not extending beyond the life expectancy of the Contributor or the joint life expectancy of the Contributor and his Beneficiary);
- (2) if a Contributor dies before his entire interest has been distributed, the remaining portion shall be distributed at least as rapidly as under the method of distribution being used as of the date of the Contributor's death; and
- (3) if the Contributor dies before he has received any distributions from the Retirement System and (i) the death benefit is payable to his surviving spouse, his death benefit shall be distributed over a period not exceeding his spouse's life (or life expectancy) beginning no later than: (A) December 31 of the calendar year immediately following the calendar year in which the Contributor died, or (B) December 31 of the calendar year in which the Contributor would have attained age seventy three (73); (ii) if the death benefit is payable to a designated

Beneficiary other than his surviving spouse, his death benefit shall be distributed to his Beneficiary over a period not exceeding his Beneficiary's life (or life expectancy) beginning no later than December 31 of the calendar year following the Contributor's death; and (iii) if the death benefit is not payable to the Contributor's surviving spouse or designated Beneficiary, the Contributor's entire interest will be paid no later than December 31 of the calendar year which includes the fifth (5th) anniversary of his date of death.

Section 19. Direct Rollovers

(a) Direct Rollovers. Notwithstanding any provision herein to the contrary that would otherwise limit a Distributee's election under this Subsection, on and after January 1, 1993 a Distributee may elect, at the time and in the manner prescribed by the Board, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the Distributee in a direct rollover.

For purposes of this Section, the following definitions shall apply:

- (1) Eligible rollover distribution: An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the Distributee, except that an eligible rollover distribution does not include:
 - (i) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated Beneficiary, or for a specified period of ten (10) years or more;
 - (ii) any distribution to the extent such distribution is required under Code Section 401(a)(9): the portion of any distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); and
 - (iii) any distribution that is made upon hardship of a Contributor.

Notwithstanding anything in this paragraph to the contrary, for distributions made after December 31, 2001, a portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax County Employee contributions that are not includible in gross income. However, such portion may be paid only to an individual retirement account or annuity, or to a qualified defined contribution plan described in Section 401(a) or 403(a) of the Code, or a governmental 457 plan that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not.

- (2) Eligible retirement plan: An eligible retirement plan is an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b), a Roth IRA as pursuant to Code Section 408A(e), for distributions made after December 31, 2001 an annuity plan described in Code Section 403(a) or an annuity contract described in Code Section 403(b), a qualified trust described in Code Section 401(a), or for distributions made after December 31, 2001 an eligible plan under Code Section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this plan. The definition of eligible retirement plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a domestic relation order, as defined in Code Section 414(p). Effective in the case of an eligible rollover distribution to a surviving spouse before 2002 or to a Beneficiary other than a surviving spouse after 2009, an eligible retirement plan is an individual retirement account or individual retirement annuity. In the case of such a nonspouse Beneficiary, the direct rollover must be made to an IRA established on behalf of the Designated Beneficiary that will be treated as an inherited IRA pursuant to the provisions of section 402(c)(11) of the Code.

Section 20. Exemption from Taxation and Execution

- (a) The right to a Member's Annuity, or a County Annuity, or to the return of Pickup Contributions, shall be exempt from any Commonwealth of Pennsylvania or municipal tax and from levy, sale, garnishment, attachment or any other process whatsoever and shall be unassignable, except as provided under the Public Employee Pension Forfeiture Act, which permits assignment for any indebtedness due the County arising out of embezzlement or fraudulent conversion by a Member of the Fund against the County.

Section 21. Fraud; Correction of Errors

- (a) Should any such change in records fraudulently made, or any mistake in records inadvertently made, result in any Contributor or Beneficiary receiving more or less than he would have been entitled to had the records been correct, on the discovery of the error, the Board shall correct the error, and shall adjust the payments which shall be made to the Contributor or annuitant in such manner that the Actuarial Equivalent of the benefit to which he was correctly entitled shall be paid.

Section 22. Designation of Deposit Administrator

- (a) The Board shall be permitted to contract with any insurance company which has qualified and is authorized by the Insurance Department of the Commonwealth of Pennsylvania to transact business in the Commonwealth of Pennsylvania, or with any bank, savings and loan association or trust company approved by the Department of Banking of the Commonwealth of Pennsylvania, or with any investment adviser registered pursuant to the Federal Investment Advisers Act of 1940 (54 Stat. 789), as amended, which is registered as an investment adviser by the Pennsylvania Securities

Commission and which agrees to conduct itself in accordance with 20 Pa.C.S. Ch. 73 (relating to fiduciaries investments), to be designated as a deposit administrator. The deposit administrator may be given the power to administer the Funds in its entirety, including the power to receive and invest all moneys deposited in the Fund and such other powers as are vested in the Board. In addition to the options provided herein upon Retirement, Disability, withdrawal, or death of a Contributor, the deposit administrator, if an insurance company, may provide additional options to the Contributors or Beneficiaries.

Section 23. Supplemental Benefits; Cost-of-Living Increases

(a) Every Member who is in receipt of a County Annuity who Retired between 1938 and 1966, inclusive, shall receive annually a cost-of-living increase specified in **Appendix B**, which shall be the product of the Retirement Allowance determined at the time of Retirement, less any withdrawal of a Member's Annuity under Section 17(b), but prior to optional modification or minimum allowance and the cost-of-living adjustment percentages, or as subsequently duly authorized by the Board.

(b) The cost-of-living increase shall be reviewed at least once in every three (3) years by the Board which may adjust the current monthly benefit by the percentages in accordance with cost-of-living index at the time of review, provided that the adjustment need not be calculated retroactively to the date of the previous cost-of-living increase approved by the Board under this Section 23 and need not apply the cost-of-living index change for each year since the previous cost-of-living increase. Any adjustment approved hereunder shall become effective January 1 of the Plan Year following the Plan Year in which the adjustment is approved. The records of the Board's actions approving cost-of-living increases shall be incorporated by reference herein.

(c) **Survivor Annuities.** Notwithstanding anything contained herein to the contrary, cost-of-living increases are not applicable to any survivor annuity payable to a Member's Beneficiaries.

Section 24. Saving Clause

(a) Nothing herein shall impair or affect any act done, offense committed, or right accruing, accrued, or acquired, or liability, duty, obligation, penalty, judgment or punishment incurred under the provisions of any Pennsylvania statute providing for the creation, maintenance and operation of a County Employees' Retirement System adopted prior to adoption of the Act.

(b) Notwithstanding anything herein to the contrary, any provision of the Act not expressly provided for herein shall be preserved.

Section 25. Claims Procedures

(a) The claims and appeals procedures under this Plan Document shall apply to any and all claims and appeals which are asserted by a Member, Beneficiary or alternate payee (“Claimant”). The claims and appeals procedures under this Plan Document shall be administered in accordance with this Section 25 and any written guidelines that the Board may in its discretion adopt or modify from time to time and at any time; provided, however, that any such guidelines shall be substantially in accordance with the claims and appeals procedures described herein (as this Plan may be amended from time to time).

(b) A “claim” (as that term is used in this Section) occurs when a Claimant disputes a determination by the Board, or by a person authorized by the Board, with respect to eligibility for, or the amount of, any benefit, or with respect to the resolution of any matter arising under the Plan. A claim related to a Member’s determination of Disability and eligibility for benefits payable upon a Disability is not a “claim” for purposes of this Section 25. Disability determinations and claims related thereto shall be decided by the Social Security Administration or the County’s long-term disability insurer. A Claim or appeal must be in written form and may be filed only by a Claimant, or by an authorized representative of the Claimant. These procedures shall also apply to the determination of the qualified status of any “qualified domestic relations order” affecting one or more alternate payees.

(c) A Claim shall be considered filed when a written request is submitted with the County Solicitor, the First Assistant Solicitor, or another individual designated by the Solicitor (where applicable, the individual designated to review and decide the Claim shall be deemed the “Claims Administrator”). To ensure a timely and fair decision, a Claimant should submit a Claim under this Plan as soon as possible after the date the individual has knowledge, or may reasonably be determined to have knowledge, of the material facts that are the subject of the Claim.

(d) Each Claim will be decided by the Claims Administrator. The Claims Administrator will attempt to give the Claimant written or electronic notice of the disposition of a Claim within 90 days after the Claim has been filed, unless the Claims Administrator determines that an extension of time is required, in which case the Claimant shall be informed of the extension of time for the review and such notice of disposition shall be given, normally within 180 days after the application has been filed.

(e) If a Claim is denied in whole or in part, the Claims Administrator shall give the Claimant a written explanation stating the reasons for the denial, citing pertinent provisions of the Plan Document, the manner in which the Claim denial can be appealed, and a description of any additional material or information necessary to perfect the Claim and an explanation of why such material or information is necessary.

(f) A Claimant wishing to appeal a denied Claim may submit an appeal in writing to the Board, which shall serve as the Appeals Committee. The deadline for submitting any

such appeal shall be 60 days after receipt of the written notification of the denial of the Claim, as described above.

(g) The written request for an appeal shall state: (i) the name, title, address and phone number of the Claimant and of any person authorized to represent the Claimant with respect to the appeal; (ii) the name and title of the person who notified the Claimant of the decision or matter that is the subject of the appeal; (iii) a description of the act or omission forming the basis for the Claim, including a clear and concise statement of the facts giving rise to the Claim, the dates of the relevant facts or occurrences, and the date the Claimant learned of the facts or occurrences; (iv) the name of the Plan and a citation of the specific provision of the Plan that is believed to have been violated, misinterpreted and/or improperly applied, and an explanation of how the Plan provision has been violated, misinterpreted or improperly applied; (v) a description of the relief sought; (vi) a description of any further information or document that the Claimant believes he or she needs from the Appeals Committee in order to fully present his or her appeal, and (vii) the Claimant's signature and the date.

(h) The Appeals Committee will give the Claimant either (1) a written notice of the appeal decision, (2) if the Appeals Committee determines that it requires an extension of time for review, a notice of an extension of the review period, (3) a written notice that the Appeals Committee will schedule a hearing if the Appeals Committee determines it is necessary to resolve any disputed issues of material fact, or (4) a written notice of the need for additional information or documentation. The Appeals Committee will attempt to provide this notice within 60 days following the receipt of the notice of appeal. The Claims Administrator who decided the initial Claim may not participate as a member of the Appeals Committee in an appeal of the initial decision. However, such persons may, at the discretion of the Appeals Committee, participate in the deliberations of the appeal with the members of the Appeals Committee.

(i) A Claimant shall have the duty to respond fully and in a timely manner to all requests for additional information or documentation from the Claims Administrator or Appeals Committee.

(j) The Board may modify these claims and appeals procedures at any time and with respect to an individual Claim or appeal, if and when the Appeals Committee determines it appropriate to the full and fair administration of due process.

(k) The Plan hereby delegates full and complete discretion to the Claims Administrator and the Appeals Committee:

- (1) to make findings of fact pertaining to a Claim or appeal;
- (2) to interpret the Plan as applied to the facts;
- (3) to decide all aspects of the Claim or appeal; and

(4) to take such other action with respect to a Claim or an appeal as it deems appropriate.

(l) The decision by the Appeals Committee shall be the final and conclusive administrative review proceeding under the Plan. In the event that the Appeals Committee denies a Claimant's appeal, the Claimant may seek judicial review by filing an appeal with the Commonwealth of Pennsylvania in accordance with Pennsylvania law. The Appeals Committee will inform a Claimant of the right to appeal to the Commonwealth and the applicable deadline.

Section 26. Miscellaneous Provisions

(a) Construction. The masculine gender includes the feminine and the singular includes the plural, unless the context clearly indicates otherwise.

(b) Governing Law. This County Retirement System is governed by the Act. The System is a governmental plan as defined in Section 414(d) of the Code and Section 3(32) of the Employee Retirement Income Security Act of 1974 (ERISA), as amended, and as such is exempt from the requirements of ERISA and those requirements of the Code from which a governmental plan is specifically exempt.

(c) Pre-ERISA Vesting Requirement. In the event of the Retirement System's termination or the County's permanent cessation of contributions, each Member shall be fully vested in the Retirement Allowance accrued on his behalf to the extent the System is funded.

(d) Prohibition Against Reversion of Trust Assets. The assets of the Retirement Fund shall not revert or be returned to the county, except as permitted by the act or IRS Revenue Ruling 91-4.

Appendix A

Berks County Employees' Retirement System

Effective Date

The Effective Date of this plan is January 1, 1942.

| Benefit Class Effective Dates | | |
|-------------------------------|------------------------|------------------|
| <u>CLASS</u> | <u>CLASS CONVERTED</u> | <u>EFFECTIVE</u> |
| 1/120 | 0.00833 | 01/01/1942 |
| 1/100 | 0.01 | 01/01/1950 |
| 1/80 | 0.01250 | 10/01/1970 |
| 1/70 | 0.01429 | 01/01/1979 |
| 1/60 | 0.01667 | 04/01/1986 |

Employee Contributions - The Board has authorized each Member of the Retirement System to individually elect to contribute between 5% and 15% of his salary.

Appendix B

Cost-of-living adjustments for Members retiring prior to 1966 as prescribed by the act:

| Year of Retirement | Percentage Factor | Year of Retirement | Percentage Factor |
|--------------------|-------------------|--------------------|-------------------|
| | 136 % | 1953 | 23 % |
| | 135 % | 1954 | 23 % |
| | 134 % | 1955 | 22 % |
| | 122 % | 1956 | 20 % |
| | 100 % | 1957 | 16 % |
| 1943 | 89 % | 1958 | 14 % |
| 1944 | 86 % | 1959 | 12 % |
| 1945 | 82 % | 1960 | 10 % |
| 1946 | 68 % | 1961 | 9 % |
| 1947 | 47 % | 1962 | 8 % |
| 1948 | 37 % | 1963 | 7 % |
| 1949 | 37 % | 1964 | 6 % |
| 1950 | 36 % | 1965 | 4 % |
| 1951 | 26 % | 1966 | 1 % |
| 1952 | 24 % | | |

Appendix C

Actuarial Equivalence Conversion Factors for Forms of Payment for Pre-2011 Distributions

| Member Age | Reserves Factor | Mo. Pension Factor | Early Retirement Less Than 20 Yrs. | Early Retirement More Than 20 Yrs. | Option 1 & (413) Factor | Option (2) & (4C) Factor | Option (3) & (4D) Factor | Option (3) & (4D) Adjust | Member Age | |
|------------|-----------------|--------------------|------------------------------------|------------------------------------|-------------------------|--------------------------|--------------------------|--------------------------|------------|----|
| 19 | 14.2777 | .005837 | 0.0409 | 0.0650 | 0.9978 | | | | 19 | |
| 20 | 14.2504 | .005848 | 0.0439 | 0.0697 | 0.9977 | | | | 20 | |
| 21 | 14.2215 | .005860 | 0.0471 | 0.0748 | 0.9976 | | | | 21 | |
| 22 | 14.1907 | .005872 | 0.0505 | 0.0802 | 0.9975 | | | | 22 | |
| 23 | 14.1579 | .005886 | 0.0542 | 0.0860 | 0.9974 | | | | 23 | |
| 24 | 14.1231 | .005900 | 0.0581 | 0.0923 | 0.9972 | | | | 24 | |
| 25 | 14.0861 | .005916 | 0.0624 | 0.0991 | 0.9971 | | | | 25 | |
| 26 | 14.0468 | .005933 | 0.0670 | 0.1064 | 0.9969 | | | | 26 | |
| 27 | 14.0051 | .005950 | 0.0719 | 0.1142 | 0.9967 | | | | 27 | |
| 28 | 13.9609 | .005969 | 0.0772 | 0.1227 | 0.9965 | | | | 28 | |
| 29 | 13.9139 | .005989 | 0.0830 | 0.1318 | 0.9963 | | | | 29 | |
| 30 | 13.8640 | .006011 | 0.0891 | 0.1416 | 0.9960 | .9626 | .0009 | .9810 | .0005 | 30 |
| 31 | 13.8111 | .006034 | 0.0958 | 0.1522 | 0.9958 | .9605 | .0009 | .9799 | .0005 | 31 |
| 32 | 13.7550 | .006058 | 0.1030 | 0.1636 | 0.9954 | .9583 | .0010 | .9787 | .0005 | 32 |
| 33 | 13.6956 | .006085 | 0.1108 | 0.1759 | 0.9951 | .9560 | .0011 | .9775 | .0006 | 33 |
| 34 | 13.6326 | .006113 | 0.1192 | 0.1892 | 0.9947 | .9535 | .0011 | .9762 | .0006 | 34 |
| 35 | 13.5659 | .006143 | 0.1282 | 0.2036 | 0.9942 | .9509 | .0012 | .9748 | .0006 | 35 |
| 36 | 13.4954 | .006175 | 0.1380 | 0.2192 | 0.9937 | .9481 | .0013 | .9734 | .0007 | 36 |
| 37 | 13.4207 | .006209 | 0.1487 | 0.2361 | 0.9931 | .9452 | .0014 | .9718 | .0007 | 37 |
| 38 | 13.3415 | .006246 | 0.1602 | 0.2543 | 0.9924 | .9421 | .0015 | .9702 | .0008 | 38 |
| 39 | 13.2576 | .006286 | 0.1726 | 0.2741 | 0.9916 | .9388 | .0016 | .9684 | .0008 | 39 |
| 40 | 13.1691 | .006328 | 0.1862 | 0.2956 | 0.9907 | .9353 | .0017 | .9666 | .0009 | 40 |
| 41 | 13.0757 | .006373 | 0.2009 | 0.3190 | 0.9897 | .9317 | .0018 | .9646 | -.0010 | 41 |
| 42 | 12.9774 | .006421 | 0.2169 | 0.3444 | 0.9885 | .9279 | .0019 | .9626 | .0010 | 42 |
| 43 | 12.8742 | .006473 | 0.2343 | 0.3720 | 0.9873 | .9239 | .0020 | .9605 | .0011 | 43 |
| 44 | 12.7662 | .006528 | 0.2532 | 0.4021 | 0.9859 | .9198 | .0022 | .9582 | .0012 | 44 |

| Member Age | Reserves Factor | Mo. Pension Factor | Early Retirement Less Than 20 Yrs. | Early Retirement More Than 20 Yrs. | Option 1 & (4B) Factor | Option (2) & (4C) Factor Adjust | Option (3) & (4D) Factor Adjust | Member Age | | |
|------------|-----------------|--------------------|------------------------------------|------------------------------------|------------------------|---------------------------------|---------------------------------|------------|-------|----|
| 45 | 12.6532 | .006586 | 0.2739 | 0.4349 | 0.9844 | .9155 | .0023 | .9559 | .0013 | 45 |
| 46 | 12.5354 | .006648 | 0.2965 | 0.4708 | 0.9829 | .9111 | .0024 | .9535 | .0013 | 46 |
| 47 | 12.4128 | .006713 | 0.3211 | 0.5100 | 0.9812 | .9066 | .0026 | .9510 | .0014 | 47 |
| 48 | 12.2854 | .006783 | 0.3481 | 0.5529 | 0.9795 | .9019 | .0028 | .9484 | .0015 | 48 |
| 49 | 12.1531 | .006857 | 0.3778 | 0.5999 | 0.9778 | .8971 | .0029 | .9458 | .0016 | 49 |
| 50 | 12.0159 | .006935 | 0.4103 | 0.6515 | 0.9759 | .8922 | .0031 | .9430 | .0017 | 50 |
| 51 | 11.8735 | .007018 | 0.4460 | 0.7082 | 0.9740 | .8872 | .0033 | .9402 | .0019 | 51 |
| 52 | 11.7256 | .007107 | 0.4853 | 0.7707 | 0.9721 | .8821 | .0035 | .9373 | .0020 | 52 |
| 53 | 11.5719 | .007201 | 0.5287 | 0.8396 | 0.9700 | .8768 | .0037 | .9344 | .0021 | 53 |
| 54 | 11.4120 | .007302 | 0.5766 | 0.9157 | 0.9679 | .8713 | .0040 | .9312 | .0023 | 54 |
| 55 | 11.2454 | .007410 | 0.6297 | 1.0000 | 0.9655 | .8657 | .0042 | .9280 | .0024 | 55 |
| 56 | 11.0717 | .007527 | 0.6886 | 1.0000 | 0.9630 | .8598 | .0045 | .9246 | .0026 | 56 |
| 57 | 10.8903 | .007652 | 0.7540 | 1.0000 | 0.9601 | .8537 | .0047 | .9211 | .0027 | 57 |
| 58 | 10.7008 | .007788 | 0.8270 | 1.0000 | 0.9568 | .8473 | .0050 | .9173 | .0029 | 58 |
| 59 | 10.5031 | .007934 | 0.9086 | 1.0000 | 0.9532 | .8406 | .0053 | .9134 | .0031 | 59 |
| 60 | 10.2971 | .008093 | 1.0000 | 1.0000 | 0.9490 | .8336 | .0056 | .9093 | .0033 | 60 |
| 61 | 10.0831 | .008265 | | | 0.9445 | .8263 | .0059 | .9049 | .0035 | 61 |
| 62 | 9.8615 | .008450 | | | 0.9395 | .8188 | .0062 | .9004 | .0037 | 62 |
| 63 | 9.6330 | .008651 | | | 0.9338 | .8110 | .0066 | .8956 | .0040 | 63 |
| 64 | 9.3984 | .008867 | | | 0.9277 | .8031 | .0069 | .8908 | .0042 | 64 |
| 65 | 9.1587 | .009099 | | | 0.9212 | .7951 | .0073 | .8858 | .0045 | 65 |
| 66 | 8.9152 | .009347 | | | 0.9145 | .7870 | .0076 | .8808 | .0047 | 66 |
| 67 | 8.6691 | .009613 | | | 0.9075 | .7791 | .0080 | .8759 | .0050 | 67 |
| 68 | 8.4214 | .009895 | | | 0.9003 | .7714 | .0084 | .8709 | .0053 | 68 |
| 69 | 8.1725 | .010197 | | | 0.8927 | .7638 | .0088 | .8661 | .0056 | 69 |
| 70 | 7.9225 | .010519 | | | 0.8850 | .7564 | .0092 | .8613 | .0059 | 70 |

| Member Age | Reserves Factor | Mo. Pension Factor | Early Retirement Less Than 20 Yrs. | Early Retirement More Than 20 Yrs. | Option 1 & (4B) | Option (2) & (4C) |
|------------|-----------------|--------------------|------------------------------------|------------------------------------|-----------------|-------------------|
| 71 | 7.6711 | .010863 | | | 0.8771 | .7491 |
| 72 | 7.4176 | .011234 | | | 0.8690 | .7418 |
| 73 | 7.1618 | .011636 | | | 0.8600 | .7344 |
| 74 | 6.9042 | .012070 | | | 0.8502 | .7269 |
| 75 | 6.6457 | .012539 | | | 0.8400 | .7193 |
| 76 | 6.3878 | .013046 | | | 0.8295 | .7117 |
| 77 | 6.1325 | .013589 | | | 0.8188 | .7043 |
| 78 | 5.8815 | .014169 | | | 0.8071 | .6970 |
| 79 | 5.6359 | .014786 | | | 0.7953 | .6901 |
| 80 | 5.3970 | .015441 | | | 0.7837 | .6837 |
| 81 | 5.1654 | .016133 | | | 0.7724 | .6778 |
| 82 | 4.9417 | .016863 | | | 0.7618 | .6725 |
| 83 | 4.7261 | .017633 | | | 0.7502 | .6678 |
| 84 | 4.5183 | .018443 | | | 0.7389 | .6639 |
| 85 | 4.3178 | .019300 | | | 0.7282 | .6607 |
| 86 | 4.1237 | .020208 | | | 0.7180 | .6583 |
| 87 | 3.9363 | .021170 | | | 0.7085 | .6566 |
| 88 | 3.7550 | .022193 | | | 0.6984 | .6555 |
| 89 | 3.5795 | .023281 | | | 0.6875 | .6553 |
| 90 | 3.4099 | .024439 | | | 0.6773 | .6552 |

ATTACHMENT H – COUNTY OF BERKS ADC VALUATION &
GASB 67-68 REPORT

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Berks County Employees' Retirement System

**Financial Accounting Report on Governmental
Accounting Standards Board No. 67 & 68 for the
2024 Measurement Period**





Prepared by:

**Korn Ferry
2001 Market Street, Suite 3840
Philadelphia, Pennsylvania 19103-2029**

for

Berks County Employees' Retirement Board

March 19, 2025

CONFIDENTIAL



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I. Introduction

The primary purpose of this report is to comply with the financial reporting requirements under GASB Statement No. 67 (Financial Reporting for Pension Plans) and GASB Statement No. 68 (Accounting and Financial Reporting for Pensions) of the Berks County Employees' Retirement System for the 2024 measurement period.

On the basis of the actuarial methods, assumptions and major plan provisions summarized in this report and in reliance on the member data and statement of the Fund's assets furnished by the County, to the best of our knowledge the information in this report is complete and accurate.

To the best of our knowledge, this report is complete and accurate and all costs and liabilities have been determined in conformance with generally accepted actuarial principles, and on the basis of actuarial assumptions and methods which are reasonable (taking into account past experience under the plan and reasonable future expectations) and which represent our best estimate of anticipated experience under the plan.

Respectfully submitted,

Korn Ferry, Inc.

Handwritten signature of David D. Reichert in black ink.

David D. Reichert, EA, MAAA
Member, American Academy of Actuaries
ERISA Enrolled Actuary No. 23-6461

Handwritten signature of Craig R. Graby in black ink.

Craig R. Graby, EA, MAAA, FCA
Member, American Academy of Actuaries
ERISA Enrolled Actuary No. 23-7319



**Statement of Fiduciary Net Position
December 31, 2024**

| | <u>2024</u> |
|---|------------------------------|
| Assets | |
| Cash and cash equivalents | \$ 613,257 |
| Receivables: | |
| Contributions | 350,540 |
| Investment income | 487,808 |
| Other | - |
| Total receivables | <u>838,348</u> |
| Investments: | |
| Fixed income securities | 128,822,546 |
| Domestic equities | 368,623,010 |
| International equities | - |
| Real estate/Alternative | 73,741,993 |
| Other | - |
| Total investments | <u>571,187,549</u> |
| Total assets | <u>572,639,154</u> |
| Liabilities | |
| Investment management fees | - |
| Other | 393,846 |
| Total liabilities | <u>393,846</u> |
| Net position restricted for pensions | <u><u>\$ 572,245,308</u></u> |



**Statement of Changes in Fiduciary Net Position
for the Year Ended December 31, 2024**

| Additions | <u>2024</u> |
|---|-----------------------|
| Contributions: | |
| County | \$ 4,727,765 |
| Member | <u>8,984,408</u> |
| Total contributions | <u>13,712,173</u> |
| Investment income: | |
| Net increase in fair value of investments | 51,506,159 |
| Interest and dividends | 14,475,980 |
| <u>Less</u> investment expense | <u>1,597,390</u> |
| Net investment income | 64,384,749 |
| Other | <u>19</u> |
| Total additions | <u>78,096,941</u> |
| Deductions | |
| Benefit payments, including refunds of member contributions | 33,436,110 |
| Administrative expense | 41,550 |
| Other | <u>37,800</u> |
| Total deductions | <u>33,515,460</u> |
| Net increase in net position | 44,581,481 |
| Net position restricted for pensions | |
| Beginning of year | <u>527,663,827</u> |
| End of year | <u>\$ 572,245,308</u> |



Notes to the Financial Statements for the Year Ended December 31, 2024

Summary of Significant Accounting Policies: *Method used to value investments.* Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation. By contract, an independent appraisal is obtained once every year to determine the fair market value of the real estate assets.

Plan Description: *Plan administration.* The Retirement Board administers the Berks County Employees Pension Plan - a single-employer defined benefit pension plan that covers all employees of the County.

Management of the Plan is vested in the Board, which consists of five members - three elected County Commissioners, the County Controller and the County Treasurer.

Plan membership. For the 2024 measurement period, pension plan membership consisted of the following:

| | |
|---|-------|
| Inactive plan members or beneficiaries currently receiving benefits as of January 1, 2024 | 1,527 |
| Inactive plan members entitled to but not yet receiving benefits as of January 1, 2024 | 376 |
| Active plan members as of January 1, 2024 | 1,795 |
| Total | 3,698 |

Benefits provided. Berks County Employees Pension Plan provides retirement, disability, and death benefits. Retirement benefits for plan members are calculated as a percent of the member's highest 3-year average salary times the member's years of service depending on class basis. Plan members with 20 years of service are eligible to retire at age 55. Plan members that have attained age 60 are eligible to retire. All plan members are eligible for disability benefits after 5 years of service if disabled while in service and unable to continue as a county employee. Disability retirement benefits are equal to 25% of highest average salary at time of retirement. Death benefits for a member who dies with 10 years of service prior to retirement is the total present value of member's retirement paid in a lump sum. A plan member who leaves County service with less than 5 years of service may withdraw his or her contributions, plus any accumulated interest.



Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)

On an ad hoc basis, cost-of-living adjustments to each member's retirement allowance shall be reviewed at least once in every three years subsequent to the member's retirement date. The adjustment, should the County elect to give one, is the Consumer Price Index for All Urban Consumers (CPI-U) for the Pennsylvania, New Jersey, Delaware and Maryland area for the 12-month period ending August 31.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation for the 2024 measurement period (see the discussion of the pension plan's investment policy) are summarized in the following table:

| <u>Asset Class</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-------------------------|---|
| Domestic equity | 5.4-6.4% |
| International equity | 5.5-6.5% |
| Fixed income | 1.3-3.3% |
| Real estate/Alternative | 4.5-5.5% |
| Cash | 0.0-1.0% |

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (i.e. no depletion date is projected to occur).



**Notes to the Financial Statements
for the Year Ended December 31, 2024 (continued)**

Changes in the Net Pension (Liability) / Asset

| | Increase/(Decrease) | | |
|--|--|--|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension (Liability)/Asset (b) - (a) |
| Balances as of December 31, 2023 | \$ 567,425,515 | \$ 527,663,827 | \$ (39,761,688) |
| Changes for the Year: | | | |
| 1. Service Cost | 9,706,944 | | (9,706,944) |
| 2. Interest | 42,865,894 | | (42,865,894) |
| 3. Changes of Benefit Terms | - | | - |
| 4. Differences Between Expected and Actual Experience | 10,828,616 | | (10,828,616) |
| 5. Changes of Assumptions | - | | - |
| 6. Contributions - Employer | | 4,727,765 | 4,727,765 |
| 7. Contributions – Member | | 8,984,408 | 8,984,408 |
| 8. Net Investment Income | | 64,384,749 | 64,384,749 |
| 9. Benefit Payments, Including Refunds of Member Contributions | (33,436,110) | (33,436,110) | - |
| 10. Plan Administrative Expenses (excluding inv. advisory fees) | | (41,550) | (41,550) |
| 11. Other Changes | | (37,781) | (37,781) |
| Net Changes | \$ <u>29,965,344</u> | \$ <u>44,581,481</u> | \$ <u>14,616,137</u> |
| Balances as of December 31, 2024 | \$ <u>597,390,859</u> | \$ <u>572,245,308</u> | \$ <u>(25,145,551)</u> |



Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the County, calculated using the discount rate of 7.50 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

| | 1% Decrease <u>(6.50%)</u> | Current Discount Rate <u>(7.50%)</u> | 1% Increase <u>(8.50%)</u> |
|----------------------------|----------------------------------|--|----------------------------------|
| County's net pension asset | \$ (88,918,650) | \$ (25,145,551) | \$ 28,692,456 |

Contributions. An actuarially determined contribution is recommended by the plan actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance an unfunded accrued liability. For the 2024 measurement period, the active member contribution rate was 5.0 percent of annual pay, and the County average contribution rate was 3.87 percent of annual payroll.

Investments: *Investment policy.* The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's asset allocation policy for the 2024 measurement period:

| <u>Asset Class</u> | <u>Target Allocation</u> |
|-------------------------|--------------------------|
| Domestic equity | 38% |
| International equity | 25% |
| Fixed income | 22% |
| Real estate/Alternative | 15% |
| Cash | 0% |
| Total | 100% |

Concentrations. If the pension plan held investments (other than those issued or explicitly guaranteed by the U.S. government) in any one organization that represent 5 percent or more of the pension plan's fiduciary net position, the pension plan should disclose information required by paragraph 30b(b) of Statement 67.



Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)

Rate of return. For the 2024 measurement period, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.37%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the County - The components of the net pension liability of the County for the 2024 measurement period were as follows:

| | |
|--|------------------------|
| Total pension liability | \$ 597,390,859 |
| Plan fiduciary net position | <u>572,245,308</u> |
| County's net pension asset/(liability) | <u>\$ (25,145,551)</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 95.79% |

Actuarial assumptions. The total pension liability was determined by an actuarial valuation for the 2024 measurement period at January 1 and rolled-forward to December 31 using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 3.0 percent |
| Salary increases | 3.50 percent, average including inflation |
| Investment rate of return | 7.50 percent, net of pension plan investment expense, including inflation |

Mortality rates were based on the 2013 RP Annuitant and Non- Annuity Mortality Table for males and females with no projected improvement.

The actuarial assumptions used in the valuation for the 2024 measurement period were based on past experience under the plan and reasonable future expectations which represent our best estimate of anticipated experience under the plan. An actuarial experience study was performed during 2016; however, no modifications to assumptions were made as a result.

No ad hoc postemployment benefit changes were included in future liability.



Schedule of Changes in the County's Net Pension Liability and Related Ratios Last 10 Fiscal Years

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|--|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| Total pension liability | | | | | | | | | | |
| Service cost includes expected member contribution | \$10,332,061 | \$10,623,914 | \$11,027,621 | \$9,849,878 | \$9,947,632 | \$10,088,504 | \$10,022,547 | \$10,525,761 | \$8,820,227 | \$9,706,944 |
| Interest | 27,673,435 | 29,071,529 | 30,192,609 | 32,446,090 | 34,184,164 | 35,784,446 | 37,214,627 | 38,824,582 | 40,705,919 | 42,865,894 |
| Changes of benefit terms | - | - | - | - | - | - | - | - | - | - |
| Differences between expected and actual experience | 3,789,345 | (501,667) | (5,056,232) | 2,596,591 | 3,992,429 | 1,496,290 | 262,938 | 3,393,455 | 8,590,744 | 10,828,616 |
| Changes of assumptions | - | - | - | 5,599,573 | - | - | - | - | - | - |
| Benefit payments, including refunds of member contributions | (18,690,853) | (19,382,776) | (20,418,548) | (23,038,743) | (23,391,279) | (25,510,784) | (28,545,773) | (30,831,093) | (31,482,822) | (33,436,110) |
| Other* | - | - | - | - | - | - | - | - | - | - |
| Net change in total pension liability | 23,103,988 | 19,811,000 | 15,745,450 | 27,453,389 | 24,732,946 | 21,858,456 | 18,954,339 | 21,912,705 | 26,634,068 | 29,965,344 |
| Total pension liability – beginning | <u>\$367,219,174</u> | <u>\$390,323,162</u> | <u>\$410,134,162</u> | <u>\$425,879,612</u> | <u>\$453,333,001</u> | <u>\$478,065,947</u> | <u>\$499,924,403</u> | <u>\$518,878,742</u> | <u>\$540,791,447</u> | <u>\$567,425,515</u> |
| Total pension liability – ending (a) | <u>\$390,323,162</u> | <u>\$410,134,162</u> | <u>\$425,879,612</u> | <u>\$453,333,001</u> | <u>\$478,065,947</u> | <u>\$499,924,403</u> | <u>\$518,878,742</u> | <u>\$540,791,447</u> | <u>\$567,425,515</u> | <u>\$597,390,859</u> |
| Plan fiduciary net position | | | | | | | | | | |
| Contributions – employer | 1,408,537 | 2,088,776 | 2,601,477 | 3,648,063 | 4,411,739 | 5,188,611 | 4,329,291 | 48,474 | 771,559 | 4,727,765 |
| Contributions – member | 6,256,829 | 6,500,174 | 6,900,703 | 7,119,321 | 7,347,118 | 7,338,292 | 7,450,219 | 8,106,646 | 8,628,323 | 8,984,408 |
| Net investment income | (2,792,230) | 29,291,596 | 58,362,251 | (23,240,032) | 66,553,930 | 54,228,756 | 76,421,987 | (84,607,899) | 72,204,632 | 64,384,749 |
| Benefit payments, including refunds of member contributions | (18,690,853) | (19,382,776) | (20,418,548) | (23,038,743) | (23,391,279) | (25,510,784) | (28,545,773) | (30,831,093) | (31,482,822) | (33,436,110) |
| Administrative expense | (43,043) | (41,575) | (38,035) | (38,339) | (38,415) | (17,000) | (34,500) | (34,500) | (41,500) | (41,550) |
| Other | <u>(29,447)</u> | <u>(29,494)</u> | <u>(29,500)</u> | <u>(32,785)</u> | <u>(30,718)</u> | <u>(34,853)</u> | <u>(35,174)</u> | <u>(37,581)</u> | <u>(37,721)</u> | <u>(37,781)</u> |
| Net change in plan fiduciary net position | (13,890,207) | 18,426,701 | 47,378,348 | (35,582,515) | 54,852,375 | 41,193,022 | 59,586,050 | (107,355,953) | 50,042,471 | 44,581,481 |
| Plan fiduciary net position – beginning | <u>\$413,013,535</u> | <u>\$399,123,328</u> | <u>\$417,550,029</u> | <u>\$464,928,377</u> | <u>\$429,345,862</u> | <u>\$484,198,237</u> | <u>\$525,391,259</u> | <u>\$584,977,309</u> | <u>\$477,621,356</u> | <u>\$527,663,827</u> |
| Plan fiduciary net position – ending (b) | <u>\$399,123,328</u> | <u>\$417,550,029</u> | <u>\$464,928,377</u> | <u>\$429,345,862</u> | <u>\$484,198,237</u> | <u>\$525,391,259</u> | <u>\$584,977,309</u> | <u>\$477,621,356</u> | <u>\$527,663,827</u> | <u>\$572,245,308</u> |
| County's net pension asset – ending (b) - (a) | <u>\$8,800,166</u> | <u>\$7,415,867</u> | <u>\$39,048,765</u> | <u>(\$23,987,139)</u> | <u>\$6,132,290</u> | <u>\$25,466,856</u> | <u>\$66,098,567</u> | <u>(\$63,170,091)</u> | <u>\$(39,761,688)</u> | <u>(\$25,145,551)</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 102.26% | 101.81% | 109.17% | 94.71% | 101.28% | 105.09% | 112.74% | 88.32% | 92.99% | 95.79% |
| Covered-employee payroll | \$100,988,654 | \$103,847,803 | \$104,729,710 | \$108,798,581 | \$108,888,713 | \$112,177,834 | \$110,465,715 | \$109,027,818 | \$116,011,387 | \$122,263,718 |
| County's net pension (liability)/asset as a percentage of covered-employee payroll | 8.70% | 7.10% | 37.30% | -22.00% | 5.60% | 22.70% | 59.84% | -57.94% | -34.27% | -20.57% |

This schedule is present to illustrate the requirement to show information for 10 years.



Schedule of County Contributions Last 10 Fiscal Years

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------|----------------|------------------|
| Actuarially determined contribution | \$1,408,537 | \$2,088,776 | \$2,601,477 | \$3,648,063 | \$4,411,739 | \$5,188,611 | \$4,329,291 | \$48,474 | \$771,559 | \$4,727,765 |
| Contributions in relation to the actuarially determined contribution | <u>1,408,537</u> | <u>2,088,776</u> | <u>2,601,477</u> | <u>3,648,063</u> | <u>4,411,739</u> | <u>5,188,611</u> | <u>4,329,291</u> | <u>48,474</u> | <u>771,559</u> | <u>4,727,765</u> |
| Contribution deficiency (excess) | <u>\$-</u> | <u>\$-</u> | <u>\$-</u> | <u>\$-</u> | <u>\$-</u> | <u>\$-</u> | <u>\$-</u> | <u>\$-</u> | <u>\$-</u> | <u>\$-</u> |
| Covered-employee payroll | \$100,988,654 | \$103,847,803 | \$104,729,710 | \$108,798,581 | \$108,888,713 | \$112,177,834 | \$110,465,715 | \$109,027,818 | \$116,011,387 | \$122,263,718 |
| Contributions as a percentage of covered-employee payroll | 1.39% | 2.01% | 2.48% | 3.35% | 4.05% | 4.63% | 3.92% | 0.04% | 0.67% | 3.87% |

Notes to Schedule

| | | | | | | | | | | |
|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Valuation date | January 1, 2015 | January 1, 2016 | January 1, 2017 | January 1, 2018 | January 1, 2019 | January 1, 2020 | January 1, 2021 | January 1, 2022 | January 1, 2023 | January 1, 2024 |
|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|

Actuarially determined contribution rates are calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry age |
| Amortization method | Level dollar |
| Remaining amortization period | 15 years |
| Asset valuation method | Market value adjusted for unrecognized gains and losses from prior years |
| Inflation | 3.0% |
| Salary increases | 3.50% average, including inflation |
| Investment rate of return | 7.5% net of pension plan investment expense, including inflation |
| Retirement age | Age 60 or 55 with 20 years' service |
| Mortality | 2013 RP Annuitant and Non- Annuity Mortality Table for males and females with no projected improvement |



Schedule of Investment Returns Last 10 Fiscal Years

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | -0.51% | 7.89% | 13.80% | -4.75% | 15.68% | 11.31% | 14.73% | -14.71% | 15.43% | 12.37% |



Pension Expense (Income) for the Measurement Period 2024

Sum of Components Method

| | | | |
|-----|---|----|-------------------|
| 1. | Service Cost Includes Expected Member Contribution | \$ | 9,706,944 |
| 2. | Member Contributions | \$ | (8,984,408) |
| 3. | Administrative Expenses | \$ | 41,550 |
| 4. | Interest on the Total Pension Liability | \$ | 42,865,894 |
| 5. | Projected Earnings on Plan Investments | \$ | (38,845,590) |
| 6. | Expensed Portion of Current-Period Difference Between Expected and Actual Experience in the Total Pension Liability | \$ | 5,517,964 |
| 7. | Expensed Portion of Current-Period Changes of Assumptions | \$ | - |
| 8. | Expensed Portion of Current Period Differences Between Actual and Projected Earnings of Plan Investments | \$ | 1,775,029 |
| 9. | Benefit Change | \$ | - |
| 10. | Other | \$ | 37,781 |
| | Total Pension Expense | \$ | <u>12,115,164</u> |

Change in Balance Sheet Method (excluding changes due to employer contributions)

| | | | |
|----|--|----|--------------------------|
| 1. | Change in NPL | \$ | (14,616,137) |
| 2. | Change in Deferred (Outflows) of Resources | \$ | 20,218,061 |
| 3. | Change in Deferred Inflows of Resources | \$ | 1,785,475 |
| 4. | Employer Contributions | \$ | 4,727,765 |
| | Total Pension Expense (Income) | \$ | <u><u>12,115,164</u></u> |



**Change in Deferred Inflows/(Outflows) for the
Fiscal Year Ended December 31, 2024**

| | <u>Total Pension Liability</u> | | <u>Plan Fiduciary Net Position</u> | | <u>Assumption</u> | | <u>Total</u> |
|---|--------------------------------|---------------|------------------------------------|----------------------|-------------------|---------------|------------------------|
| | <u>(Outflow)</u> | <u>Inflow</u> | <u>(Outflow)</u> | <u>Inflow</u> | <u>(Outflow)</u> | <u>Inflow</u> | |
| 1. Deferred Inflow/(Outflow) of Resources as of January 1, 2024 | \$ (9,000,942) | \$ - | \$ (76,586,141) | \$ 48,492,822 | \$ - | \$ - | \$ (37,094,261) |
| 2. Differences Between Expected and Actual Experience for 2024 | (10,828,616) | - | - | 25,539,159 * | - | - | 14,710,543 |
| 3. Portion Recognized in 2024 Pension Expense | <u>(5,517,964)</u> | <u>-</u> | <u>(25,528,713)</u> | <u>23,753,684</u> | <u>-</u> | <u>-</u> | <u>(7,292,993)</u> |
| 4. Deferred Inflow/(Outflow) of Resources as of December 31, 2024: (1) + (2) - (3) | <u>\$ (14,311,594)</u> | <u>\$ -</u> | <u>\$ (51,057,428)</u> | <u>\$ 50,278,297</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (15,090,725)</u> |
| 5. Change in Deferred Inflow/(Outflow) of Resources as of December 31, 2024: (4) - (1) | | | | | | | \$ 22,003,536 |

* Determined as follows:

| | |
|---|----------------------|
| 1. Projected Earnings on Plan Investments for 2024 | \$ 38,845,590 |
| 2. Actual Earnings on Plan Investments for 2024 | <u>64,384,749</u> |
| 3. Difference Between Expected and Actual Experience for 2024: (2) - (1) | <u>\$ 25,539,159</u> |



**Pension Expense and Deferred (Outflows) of Resources
and Deferred Inflows of Resources Related to Pensions**

For the 2024 measurement period, the County recognized pension expense (income) of \$12,115,164 and amounts reported as deferred (outflows) of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended: | | |
|-------------|----|---------------------|
| 2025 | \$ | (10,666,886) |
| 2026 | | (17,851,026) |
| 2027 | | 9,074,840 |
| 2028 | | 4,352,347 |
| 2029 | | - |
| Thereafter | | - |
| Total: | \$ | <u>(15,090,725)</u> |

Payable to the Pension Plan - For the 2024 measurement period, the County had no outstanding amount of contributions to the pension plan required for the year ended December 31, 2024.





Schedule of Deferred Inflows and (Outflows)

| <u>Actual/Expected Experience</u> | Difference (Actual vs. Expected) | Recognition Period | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | Thereafter |
|-----------------------------------|---|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------------|
| Year | | | | | | | | | |
| 2024 | (10,828,616) | 4.3 | (2,518,283) | (2,518,283) | (2,518,283) | (2,518,283) | (755,484) | - | - |
| 2023 | (8,590,744) | 4.5 | (1,909,054) | (1,909,054) | (1,909,054) | (954,528) | - | - | - |
| 2022 | (3,393,455) | 4.6 | (737,708) | (737,708) | (442,623) | - | - | - | - |
| 2021 | (262,938) | 4.9 | (53,661) | (48,294) | - | - | - | - | - |
| 2020 | (1,496,290) | 5.0 | (299,258) | - | - | - | - | - | - |
| Total | | | (5,517,964) | (5,213,339) | (4,869,960) | (3,472,811) | (755,484) | - | - |



Schedule of Deferred Inflows and (Outflows)

| <u>Actual/Projected Earnings</u> | Difference (Actual vs. Expected) | Recognition Period | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | Thereafter |
|----------------------------------|-------------------------------------|-----------------------|--------------|--------------|--------------|------------|-----------|------|------------|
| Year | | | | | | | | | |
| 2024 | 25,539,159 | 5.0 | 5,107,832 | 5,107,832 | 5,107,832 | 5,107,832 | 5,107,831 | - | - |
| 2023 | 37,199,087 | 5.0 | 7,439,817 | 7,439,817 | 7,439,817 | 7,439,819 | - | - | - |
| 2022 | (127,643,567) | 5.0 | (25,528,713) | (25,528,713) | (25,528,715) | - | - | - | - |
| 2021 | 37,637,577 | 5.0 | 7,527,515 | 7,527,517 | - | - | - | - | - |
| 2020 | 18,392,608 | 5.0 | 3,678,520 | - | - | - | - | - | - |
| Total | | | (1,775,029) | (5,453,547) | (12,981,066) | 12,547,651 | 5,107,831 | - | - |



Schedule of Deferred Inflows and (Outflows)

| | Difference (Actual vs. Expected) | Recognition Period | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | Thereafter |
|-------------------------------|-------------------------------------|-----------------------|------|------|------|------|------|------|------------|
| <u>Changes in Assumptions</u> | | | | | | | | | |
| Year | | | | | | | | | |
| 2024 | | 4.3 | - | - | - | - | - | - | - |
| 2023 | | 4.5 | - | - | - | - | - | - | - |
| 2022 | | 4.6 | - | - | - | - | - | - | - |
| 2021 | | 4.9 | - | - | - | - | - | - | - |
| 2020 | | 5.0 | - | - | - | - | - | - | - |
| Total | | | - | - | - | - | - | - | - |



Berks County Employees' Retirement System

**Report on 2024 Actuarial Valuation Including
Determination of County Actuarially Determined
Contribution for 2024**





Prepared by:

**Korn Ferry
Suite 3840
2001 Market Street
Philadelphia, Pennsylvania 19103-2029**

for

Berks County Employees' Retirement Board

| | |
|--------------------|-----------------------|
| Christian Leinbach | Commissioner/Chairman |
| Dante Santoni | Commissioner |
| Michael Rivera | Commissioner |
| Joseph Rudderow | Controller/Secretary |
| Mitchel Darcourt | Treasurer |

May 22, 2024



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I. Introduction

The primary purpose of this report is to investigate and fully and fairly disclose the actuarial position of the Berks County Employees' Retirement System as of January 1, 2024 and to establish the proper appropriation for the 2024 plan year, in accordance with the funding standards of Section 6 of Act 96, 1971 of the Commonwealth of Pennsylvania as amended.

On the basis of the actuarial methods, assumptions and major plan provisions summarized in this report and in reliance on the member data and statement of the Fund's assets furnished by the County, to the best of our knowledge the information in this report is complete and accurate.

To the best of our knowledge, this report is complete and accurate, and all costs and liabilities have been determined in conformance with generally accepted actuarial principles and on the basis of actuarial assumptions and methods which are reasonable (taking into account past experience under the plan and reasonable expectations) and which represent our best estimate of anticipated experience under the plan.

The included measurements are based on a single set of assumptions regarding the future experience of the plan's investments and participants. Future measurements and funding needs of the plan could vary significantly based on the actual experience, including differences in investment performance, and any changes in the future expectations. Estimates of the potential impact of changes in the plan's assets and liabilities are included in Schedule P.

Respectfully submitted,

Korn Ferry (US)

David D. Reichert, EA
Member, American Academy of Actuaries
ERISA Enrolled Actuary No. 23-6461

Michael Spadaro, FSA, EA, MAAA, FCA
Member, American Academy of Actuaries
ERISA Enrolled Actuary No. 23-8969



II. Findings

Certified Actuarially Determined Contribution

Please note that the certified actuarially determined contribution which is reported on page 12 of this report, and which must be funded in 2024 is \$4,727,765. We believe the assumptions and methods used to determine the actuarially determined contribution are reasonable both individually and in aggregate. Thus, the amount is enough to ensure that the fund accumulates sufficient assets to pay future benefits. The actuarially determined contribution should be paid by the County from the General Fund.

Actuarial Adjustments

Also note that the balances in the Reserve Accounts on page 8 reflect the following transfers which are necessary to keep the balance in the Retired Member's Reserve Account equal to the liability for the retired lives and to reflect the difference between the amount of interest credited to the respective reserves and the interest rate assumed in the valuation of the liabilities. Please make these transfers in your records:

| | DEBIT | | CREDIT | |
|---|-------|------------|--------|------------|
| County Annuity Reserve Account | \$ | 10,262,258 | | |
| Retired Members Annuity Reserve Account | | | \$ | 10,262,258 |



III. Schedules

Schedule A

**BERKS COUNTY EMPLOYEES' RETIREMENT SYSTEM
CHANGES IN PLAN NET ASSETS
FOR THE CALENDAR YEAR 2023 AND 2022**

| | Additions | |
|---------------------------------|--|--------------------------|
| | <u>2023 Total</u> | <u>2022 Total</u> |
| Contributions | | |
| County | \$ 771,559 | \$ 48,474 |
| Plan Members | \$ 8,628,323 | \$ 8,106,646 |
| Miscellaneous | \$ 79 | \$ 251 |
| Total Contributions | \$ <u>9,399,961</u> | \$ <u>8,155,371</u> |
| Investment Income | | |
| Realized Gain | \$ <u>5,426,937</u> | |
| Unrealized Gain | \$ <u>55,741,199</u> | |
| Net Gain in Fair Value | \$ 61,168,136 | \$ (92,687,097) |
| Interest | \$ 16,527 | \$ 6,316 |
| Dividends | \$ 12,042,826 | \$ 9,636,862 |
| Investment Income | \$ <u>73,227,489</u> | \$ <u>(83,043,919)</u> |
| Less Investment Expense | \$ 1,022,857 | \$ 1,563,980 |
| Net Investment Income | \$ <u>72,204,632</u> | \$ <u>(84,607,899)</u> |
| Total Additions | \$ <u>81,604,593</u> | \$ <u>(76,452,528)</u> |
| | | |
| | Deductions | |
| Benefits | \$ 30,195,570 | \$ 29,709,924 |
| Refunds of Member Contributions | \$ 1,287,252 | \$ 1,121,169 |
| Administrative Expense | \$ 41,500 | \$ 34,500 |
| Miscellaneous | \$ <u>37,800</u> | \$ <u>37,832</u> |
| Total Deductions | \$ <u>31,562,122</u> | \$ <u>30,903,425</u> |
| Net Increase/(Decrease) | \$ <u>50,042,471</u> | \$ <u>(107,355,953)</u> |
| | | |
| | Net Assets Held In Trust For Pension Benefits | |
| Beginning of Year | \$ <u>477,621,356</u> | \$ <u>584,977,309</u> |
| End of Year | \$ <u>527,663,827</u> | \$ <u>477,621,356</u> |



Schedule A – Continued

BERKS COUNTY EMPLOYEES' RETIREMENT SYSTEM PLAN ASSETS AS OF DECEMBER 31, 2023 AND 2022

Assets

| | <u>2023 Total</u> | <u>2022 Total</u> |
|-----------------------------------|--------------------|--------------------|
| Cash and Short-Term Investments | \$ 202,554 | \$ 171,389 |
| Receivables | \$ 955,407 | \$ 853,165 |
| Investments, at fair market value | | |
| Mutual funds - fixed income | \$ 104,535,157 | \$ 94,133,567 |
| Mutual funds - equity | \$ 354,339,244 | \$ 334,654,326 |
| Mutual funds - other assets | \$ 68,031,152 | \$ 48,230,214 |
| Total Investments | \$ 526,905,553 | \$ 477,018,107 |
| Total Assets | \$ 528,063,514 | \$ 478,042,661 |

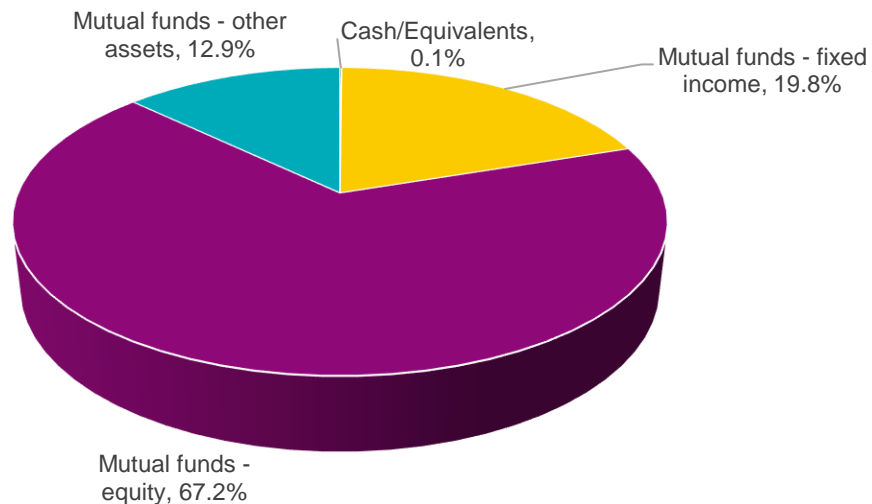
Liabilities

| | | |
|---------------------------|------------|------------|
| Refunds Payable and Other | \$ 399,687 | \$ 421,305 |
|---------------------------|------------|------------|

Net Assets Held In Trust For Pension Benefits

| | | |
|--|----------------|----------------|
| | \$ 527,663,827 | \$ 477,621,356 |
|--|----------------|----------------|

TOTAL ASSETS (MARKET VALUE 12-31-2023)





Schedule A – Continued

Berks County Employees' Retirement System

Plan Description and Contribution Information

Basis of Accounting: The Berks County Employees' Retirement System financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments: Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

Membership of the plan consisted of the following as of January 1, 2024:

| | |
|--|--------------|
| Retirees and Beneficiaries Receiving Benefits | 1,527 |
| Terminated Plan Members Entitled to but not yet Receiving Benefits | 376 |
| Active Plan Members | 1,795 |
| Total | <u>3,698</u> |
| Number of Participating Employers | <u>1</u> |



Schedule A – Continued

Berks County Employees' Retirement System

Plan Description: The Berks County Employees' Retirement Plan is a single-employer defined benefit pension plan that covers all employees of the County. The plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Cost-of-living adjustments (COLA) are provided at the discretion of the Berks County Employees' Retirement Board. Act 96 of 1971, as amended cited as the County Pension Law provides for the creation, maintenance and operation of this plan.

Contributions: Plan members are required to contribute 5% of their annual covered salary. The County is required to contribute at an actuarially determined rate. Per Act 96 of 1971, as amended, contribution requirements of the plan members and the County are established and may be amended by the General Assembly of the Commonwealth of Pennsylvania. Administrative costs may be financed through investment earnings.

| SCHEDULE OF EMPLOYER CONTRIBUTIONS | | | |
|---|-----------------------|----------------------------|--|
| Year | Contribution * | County Contribution | |
| 2014 | \$ 233,518 | \$ 233,518 | |
| 2015 | \$ 1,408,537 | \$ 1,408,537 | |
| 2016 | \$ 2,088,776 | \$ 2,088,776 | |
| 2017 | \$ 2,601,477 | \$ 2,601,477 | |
| 2018 | \$ 3,648,063 | \$ 3,648,063 | |
| 2019 | \$ 4,411,739 | \$ 4,411,739 | |
| 2020 | \$ 5,188,611 | \$ 5,188,611 | |
| 2021 | \$ 4,329,291 | \$ 4,329,291 | |
| 2022 | \$ 48,474 | \$ 48,474 | |
| 2023 | \$ 771,559 | \$ 771,559 | |

Note: Effective in 2011 the Entry Age Funding Method was used to determine the annual required contribution. Prior to 2011 the Aggregate Method was used.

*Prior to 2014, contribution was described as Annual Required Contribution (ARC). After 2013, contribution was described as actuarially determined contribution (ADC).



Schedule A – Continued

SCHEDULE OF FUNDING PROGRESS

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) - Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b-a)/c |
|---|--|--|--|-----------------------------------|------------------------------------|--|
| 1/1/2015 | 413,917,653 | 387,680,475 | (26,237,178) | 106.8% | 100,988,654 | (26.0%) |
| 1/1/2016 | 427,568,596 | 406,875,665 | (20,692,931) | 105.1% | 103,847,803 | (19.9%) |
| 1/1/2017 | 442,434,962 | 426,237,554 | (16,197,408) | 103.8% | 104,729,710 | (15.5%) |
| 1/1/2018 | 464,928,377 | 456,027,709 | (8,900,668) | 102.0% | 108,798,581 | (8.2%) |
| 1/1/2019 | 480,757,761 | 479,346,047 | (1,411,714) | 100.3% | 108,888,713 | (1.3%) |
| 1/1/2020 | 498,120,625 | 502,012,231 | 3,891,606 | 99.2% | 112,177,834 | 3.5% |
| 1/1/2021 | 525,391,259 | 522,989,904 | (2,401,355) | 100.5% | 110,465,715 | (2.2%) |
| 1/1/2022 | 584,977,309 | 544,982,575 | (39,994,734) | 107.3% | 109,027,816 | (36.7%) |
| 1/1/2023 | 573,145,627 | 549,382,191 | (23,763,436) | 104.3% | 116,011,387 | (20.5%) |
| 1/1/2024 | 572,646,877 | 578,254,131 | 5,607,254 | 99.0% | 122,263,718 | 4.6% |



Schedule B

Schedule B shows the allocation of the assets among the Fund's reserve accounts (see Schedule I for Determination of Reserve Balances) and the Fund's liabilities as of January 1, 2024. The liabilities were determined from the actuarial valuation of the System based upon the data submitted by the County.

ASSETS

| | | |
|--|----|-------------|
| Members' Annuity Reserve Account | \$ | 123,879,012 |
| County Annuity Reserve Account | \$ | 115,855,943 |
| Retired Members' Reserve Account | \$ | 266,627,186 |
| Unrealized Appreciation of Assets | \$ | 21,301,686 |
| <i>Total Assets, (Market Value) of the Berks County Employees' Retirement Fund</i> | \$ | 527,663,827 |

LIABILITIES

Actuarial Present Value of:

| | | |
|---|----|-------------|
| Accumulated Plan Benefits | | |
| Vested participants (1,200) | \$ | 111,659,057 |
| Nonvested participants (595) | \$ | 1,590,515 |
| Future Benefit Accruals | \$ | 105,379,061 |
| Terminated Vested Benefits | \$ | 21,944,457 |
| Retired Benefits | \$ | 266,627,186 |
| Members' Accumulated Deductions | \$ | 123,879,012 |
| <i>Total Liabilities of the Berks County Employees' Retirement Fund</i> | \$ | 631,079,288 |



Schedule C

Unfunded Actuarial Liability and Normal Cost

Schedule C shows the development of the unfunded actuarial liability and the normal cost for 2024.

I. Unfunded Actuarial Liability January 1, 2024

| | | |
|---|----|-------------------------|
| 1. Actuarial Liability: | | |
| (a) Active Participants | | |
| Retirement Benefits | \$ | 171,064,905 |
| Termination Benefits | | 13,606,544 |
| Death Benefits | | 6,281,252 |
| Total | \$ | <u>190,952,701</u> |
| (b) Terminated Vested Participants | \$ | 21,944,457 |
| (c) Retired Members and Beneficiaries | | |
| Retirement Benefits | \$ | 266,354,101 |
| Cost-of-Living Benefits | | 273,085 |
| Total | \$ | <u>266,627,186</u> |
| (d) Actuarial Present Value of Members' Accumulated Deductions | \$ | <u>98,729,787</u> |
| (e) Total (a) + (b) + (c) + (d) | \$ | <u>578,254,131</u> |
| 2. Actuarial Value of Plan Assets (see page 14) | \$ | 572,646,877 |
| 3. Unfunded Actuarial Liability as of January 1, 2024: (1e) – (2) | \$ | <u><u>5,607,254</u></u> |

II. Normal Cost for 2024

| | | |
|---|----|------------------|
| 1. Normal Cost for: | | |
| (a) Retirement Benefits | \$ | 4,340,602 |
| (b) Termination Benefits | | 684,774 |
| (c) Death Benefits | | 176,061 |
| (d) Members' Accumulated Deductions | | 4,505,507 |
| (e) Normal Cost as of January 1, 2024 | \$ | <u>9,706,944</u> |
| (f) Normal Cost with interest to end of year: (e) x 1.075 | \$ | 10,434,965 |



Schedule D

Actuarial Gain (Loss) for One Year Period Ending December 31, 2023

Schedule D shows the development of the actuarial gain (loss) for the 2023 plan year.

| | | | |
|-----|---|----|--------------|
| 1. | Unfunded Actuarial Liability as of January 1, 2023 | \$ | (23,763,436) |
| 2. | Normal Cost as of January 1, 2023 | | 8,820,227 |
| 3. | Interest at 7.50% Per Year to December 31, 2023 on (1) and (2) | | (1,120,741) |
| 4. | Expected Employer Contributions for the 2023 Plan Year | | 771,559 |
| 5. | Expected Employee Contributions for the 2023 Plan Year | | 6,018,091 |
| 6. | Change in Unfunded Actuarial Liability Due to Cost of Living Increase to Retirees | | 0 |
| 7. | Change in Unfunded Actuarial Liability Due to Change in Assumptions | | 0 |
| 8. | Expected Unfunded Actuarial Liability as of January 1, 2024: (1) + (2) + (3) – (4) – (5) + (6) + (7) | \$ | (22,853,600) |
| 9. | Unfunded Actuarial Liability as of January 1, 2024 | | 5,607,254 |
| 10. | Actuarial Gain (Loss) for 2023 Plan Year: (8) – (9) | \$ | (28,460,854) |

Actuarial Gain/(Loss) for 2023 Plan Year from Investments

| | | | |
|-----|---|----|--------------|
| 11. | Gain/(Loss) from 2023 - \$38,275,325 x 0.2 | \$ | 7,655,065 |
| 12. | Gain/(Loss) from 2022 - (126,005,516) x 0.2 | | (25,201,103) |
| 13. | Gain/(Loss) from 2021 - 0 x 0.2 | | 0 |
| 14. | Gain/(Loss) from 2020 - 0 x 0.2 | | 0 |
| 15. | Gain/(Loss) from 2019 - 0 x 0.2 | | 0 |
| 16. | Total Gain/(Loss) from Investments (11) + (12) + (13) + (14) + (15) | \$ | (17,546,038) |
| 17. | Total Gain/(Loss) from Other Sources (10) – (16) | | (10,914,816) |



Schedule E

Amortization Schedule

Schedule E provides a record of the amortization amounts. Actuarial gains (losses) will be amortized over 15 years from the date determined; increases or decreases created by pension plan establishing an unfunded actuarial accrued liability will be amortized over 25 years from the effective establishment date; increases or decreases created by a modification in the benefit plan applicable to active members will be amortized over 15 years beginning with the January 1st coinciding with or next following the effective date of change; increases or decreases created by a modification in the benefit plan applicable to retired members will be amortized over 10 years beginning with the January 1st coinciding with or next following the effective date of change; increases in actuarial accrued liability attributable to the special early retirement provision will be amortized over 5 years beginning with the January 1st coinciding with or next following the end of the early retirement period; and increases or decreases created by changes in actuarial assumptions will be amortized over 15 years from the effective date of change; resetting the unfunded actuarial liability (UAL) due to outstanding balance becoming negative will be amortized over 15 years beginning with the January 1st coinciding with or next following when the outstanding balance becomes negative. When resetting, any previous charges or credits will be considered paid off and eliminated.

Amortization Record for 2024

| | | As of January 1, 2024 | | | | |
|--------------------------------|-------------|---------------------------|---------------------------|-----------------------------|--------------------------------|--|
| | | <u>Initial Amount</u> | <u>Effective Date</u> | <u>Remaining Period</u> | <u>Outstanding Balance</u> | <u>Amortization Charge or (Credit)</u> |
| Amortization of Liability for: | | | | | | |
| (a) | Initial UAL | \$ 5,607,254 | 1/1/2024 | 15 Years | \$ <u>5,607,254</u> | \$ <u>635,230</u> |
| (b) | Total | | | | \$ 5,607,254 | \$ 635,230 |



Schedule F

Schedule F determines the certified actuarially determined contribution of \$4,727,765 for 2024 for the Berks County Employees' Retirement System.

| | |
|--|---------------|
| 1. Total Amortization Charge/(Credit) (page 11 (b)) | \$ 635,230 |
| 2. Normal Cost with interest to end of year (page 9 II 1(f)) | \$ 10,434,965 |
| 3. Expected Member Contributions with interest | \$ 6,342,430 |
| 4. Total Funding Requirement for 2024 (actuarially determined contribution for 2024): (1) + (2) - (3), but not less than 0 | \$ 4,727,765 |

Notes:

The actuarially determined contribution for 2024 as a percentage of the estimated 2024 compensation (\$122,263,718) for active members is 3.87%.

The equivalent normal cost accrual rate to be applied to actual 2023 salaries to determine reimbursable expenses is 4.00%.



Schedule G

The following are notes to Schedules B and I:

Members' Annuity Reserve Account: The balance of \$123,879,012 in this account is the total of the contributions deducted from the salaries of the active and terminated vested members of the retirement system and the IRC 414(h)(2) pickup contributions together with the interest additions as of January 1, 2024.

County Annuity Reserve Account: The balance of \$115,855,943 in this account as of January 1, 2024 and the amounts expected to be credited in the future, plus investment earnings, represent the reserves set aside for the payment of the county's share of the retirement allowances.

This is the account out of which regular interest is credited to the member's annuity and retired members' reserve account, administrative expenses may be paid and the pension obligations of the County are funded.

When a County Annuity is scheduled to commence for a particular member, sufficient monies are transferred from the County Annuity Reserve Account to the Retired Members' Reserve Account to provide for such County Annuities actually entered upon.

Retired Members' Reserve Account: This is the account out of which monthly retirement allowances including cost-of-living increases and death benefits are paid.

The assets allocated to this reserve account as of January 1, 2024 amount to \$266,627,186. The corresponding liability for those annuitants on the roll is identical.

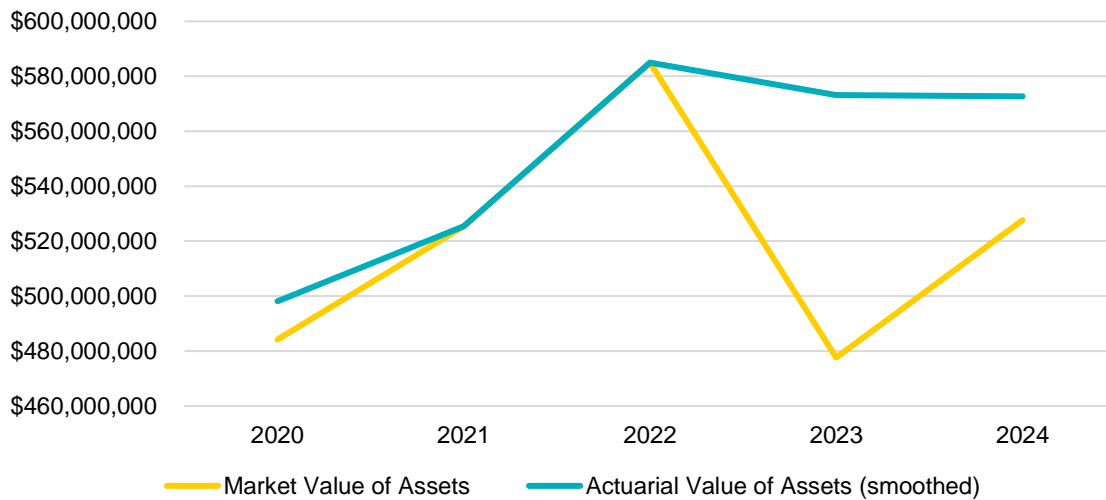


Schedule G – Continued

Actuarial Value of Assets: The Actuarial Value of Assets equals the Market Value of Assets adjusted for unrecognized gains and losses from prior years. Gains and losses are determined by calculating the expected asset return based on Plan assumptions and subtracting the actual Plan return. Gains and losses are phased in 20% per year over a 5-year period. The Actuarial Value of Assets is adjusted, if necessary, to fall within a corridor of 80% to 120% of Market Value of Assets.

| | | |
|---|----|--------------|
| 1. Market Value of Assets as of 1/1/2023 | \$ | 477,621,356 |
| 2. Contributions for 2023 | \$ | 9,399,961 |
| 3. Disbursements during 2023 | \$ | 32,584,979 |
| 4. Expected Return at 7.50% Interest | \$ | 34,952,164 |
| 5. Actual Return for 2023 | \$ | 73,227,489 |
| 6. Gain/(Loss) for 2023 | \$ | 38,275,325 |
| 7. Amount Unrecognized for 2023: 38,275,325 x .8 | \$ | 30,620,260 |
| 8. Gain/(Loss) Unrecognized for Prior Years: | | |
| (a) 2022 (126,005,516) x .6 | \$ | (75,603,310) |
| (b) 2021 0 x .4 | \$ | 0 |
| (c) 2020 0 x .2 | \$ | 0 |
| (d) Total of (a) + (b) + (c) | \$ | (75,603,310) |
| 9. Market Value of Assets as of January 1, 2024 | \$ | 527,663,827 |
| 10. Actuarial Value of Assets as of January 1, 2024 equals (9) – (7) – (8d) | \$ | 572,646,877 |
| 11. Value must be not less than 80% and not greater than 120% of Market Value | \$ | 572,646,877 |

Historical Asset Values





Schedule H

APPROXIMATE RATE OF RETURN FOR 2023 PLAN YEAR

| | <u>Actuarial Value</u> | <u>Market Value</u> |
|--|------------------------|---------------------|
| 1. Value as of December 31, 2022 | \$ 573,145,627 | \$ 477,621,356 |
| 2. Contributions Received During Year | \$ 9,399,961 | \$ 9,399,961 |
| 3. Benefits and Expenses Paid During Year | \$ 32,584,979 | \$ 32,584,979 |
| 4. Value as of December 31, 2023 | \$ 572,646,877 | \$ 527,663,827 |
| 5. Non-Investment Increment: (2) - (3) | \$ (23,185,018) | \$ (23,185,018) |
| 6. Investment Increment: (4) - (1) - (5) | \$ 22,686,268 | \$ 73,227,489 |
| 7. Time Weighted Value of Assets: (1) + .5 x (5) | \$ 561,553,118 | \$ 466,028,847 |
| 8. Approximate Rate of Return for 2023: (6) / (7) | 4.04% | 15.71% |

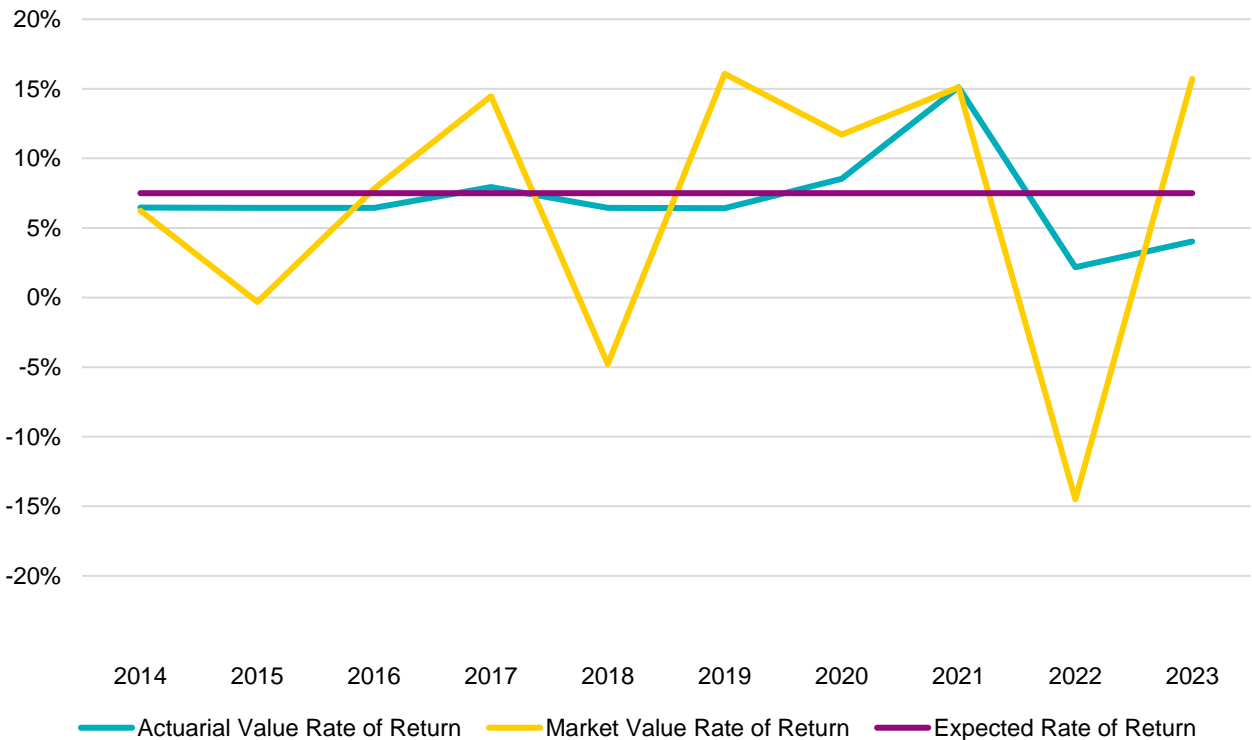


Schedule H – Continued

HISTORY OF INVESTMENT RETURN RATES

| <u>Plan Year</u> | <u>Actuarial Value Rate of Return</u> | <u>Market Value Rate of Return</u> |
|----------------------------------|---|--|
| 2023 | 4.04% | 15.71% |
| 2022 | 2.18% | -14.50% |
| 2021 | 15.12% | 15.12% |
| 2020 | 8.53% | 11.70% |
| 2019 | 6.43% | 16.08% |
| 2018 | 6.44% | -4.78% |
| 2017 | 7.95% | 14.48% |
| 2016 | 6.45% | 7.82% |
| 2015 | 6.45% | -0.31% |
| 2014 | 6.47% | 6.23% |
| Five-Year Average (2019 - 2023): | 7.17% | 8.11% |
| Ten-Year Average (2014 - 2023): | 6.96% | 6.28% |

History of Investment Return Rates





Schedule I

Determination of Reserve Balances

| | <u>M.A.R.A.</u> | <u>C.A.R.A.</u> | <u>R.M.R.A.</u> | <u>TOTAL</u> |
|---|-----------------|-----------------|-----------------|----------------|
| Balance 1/1/2023 | \$ 118,925,636 | \$ 140,338,866 | \$ 252,805,745 | \$ 512,070,247 |
| County Appropriations | | 771,559 | | 771,559 |
| Member Contributions | 8,589,944 | | | 8,589,944 |
| Member Purchases | | 38,379 | | 38,379 |
| Net Investment Income | | 17,476,912 | | 17,476,912 |
| Investment Expenses | | (1,022,857) | | (1,022,857) |
| Member Contributions Refunded | (1,287,252) | | | (1,287,252) |
| Pension Payments | | | (29,621,693) | (29,621,693) |
| Death Benefits | | | (573,877) | (573,877) |
| Retiree and Death Benefit Transfers | (7,909,878) | (15,861,136) | 23,771,014 | 0 |
| Cost of Living Funding Requirement | | 0 | 0 | 0 |
| Administrative Expenses | | (41,500) | | (41,500) |
| Miscellaneous | | (37,721) | | (37,721) |
| Balance Before Interest | 118,318,450 | 141,662,502 | 246,381,189 | 506,362,141 |
| Interest Allocated in 2023 | 5,560,562 | (15,544,301) | 9,983,739 | |
| Balance Before Actuarial Adjustments | 123,879,012 | 126,118,201 | 256,364,928 | 506,362,141 |
| Actuarial Adjustments | | (10,262,258) | 10,262,258 | |
| Ending Balance 12/31/2023 | 123,879,012 | 115,855,943 | 266,627,186 | 506,362,141 |
| Unrealized Appreciation | | | | 21,301,686 |
| Total Assets (12/31/2023) (Market Value) | | | | 527,663,827 |



Schedule J

Membership History

Below is a ten-year history of the Retirement System's membership.

| 1-Jan | ACTIVE MEMBERS AND VESTED TERMINATED MEMBERS | | | RETIRED MEMBERS AND BENEFICIARIES | | |
|-------|---|--------|-------|--------------------------------------|--------|-------|
| | Male | Female | Total | Male | Female | Total |
| 2024 | 855 | 1,316 | 2,171 | 504 | 1,023 | 1,527 |
| 2023 | 859 | 1,294 | 2,153 | 486 | 990 | 1,476 |
| 2022 | 846 | 1,299 | 2,145 | 471 | 962 | 1,433 |
| 2021 | 858 | 1,351 | 2,209 | 456 | 929 | 1,385 |
| 2020 | 862 | 1,372 | 2,234 | 446 | 894 | 1,340 |
| 2019 | 859 | 1,366 | 2,225 | 430 | 869 | 1,299 |
| 2018 | 876 | 1,394 | 2,270 | 415 | 826 | 1,241 |
| 2017 | 847 | 1,409 | 2,256 | 400 | 789 | 1,189 |
| 2016 | 844 | 1,395 | 2,239 | 386 | 761 | 1,147 |
| 2015 | 831 | 1,390 | 2,221 | 387 | 735 | 1,122 |



Schedule K

Changes in Plan Participation From January 1, 2023 to January 1, 2024

| ACTIVE PARTICIPANTS | | |
|---|-----|-------|
| Number as of January 1, 2023 | | 1,794 |
| Changes During Plan Year: | | |
| Retired | (-) | 59 |
| Terminated and Vested | (-) | 24 |
| Terminated | (-) | 131 |
| Died | (-) | 0 |
| New Participants | (+) | 215 |
| Number as of January 1, 2024 | | 1,795 |
| RETIRED PARTICIPANTS | | |
| Number as of January 1, 2023 | | 1,476 |
| Changes During Plan Year: | | |
| Returned to Active Service | (-) | 0 |
| Died | (-) | 23 |
| New Retirements from Active Service | (+) | 59 |
| New Surviving Annuitants | (+) | 5 |
| Vested Terminated Participants Whose Benefits Commenced | (+) | 10 |
| Additions | (+) | 0 |
| Number as of January 1, 2024 | | 1,527 |
| TERMINATED VESTED PARTICIPANTS | | |
| Number as of January 1, 2023 | | 359 |
| Changes During Plan Year: | | |
| Terminated | (-) | 0 |
| Returned to Active Service | (-) | 0 |
| Benefits Commenced | (-) | 10 |
| Died | (-) | 0 |
| New Termination's with Vesting | (+) | 24 |
| Additions | (+) | 3 |
| Number as of January 1, 2024 | | 376 |



Schedule L

Age, Service and Average Salary Profile of the Active Members on January 1, 2024.

MALES -- FULL YEARS OF SERVICE TO JANUARY 1, 2024

| <u>Age</u> | <u>0-4</u> | <u>5-9</u> | <u>10-14</u> | <u>15-19</u> | <u>20-24</u> | <u>25-29</u> | <u>30+</u> | <u>Total</u> | <u>Average Salary</u> |
|------------|------------|------------|--------------|--------------|--------------|--------------|------------|--------------|-----------------------|
| 0-19 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | \$ 65,493 |
| 20-24 | 23 | 0 | 0 | 0 | 0 | 0 | 0 | 23 | \$ 57,449 |
| 25-29 | 54 | 17 | 0 | 0 | 0 | 0 | 0 | 71 | \$ 66,736 |
| 30-34 | 50 | 33 | 7 | 0 | 0 | 0 | 0 | 90 | \$ 72,628 |
| 35-39 | 25 | 27 | 20 | 12 | 0 | 0 | 0 | 84 | \$ 70,848 |
| 40-44 | 13 | 14 | 13 | 35 | 8 | 1 | 0 | 84 | \$ 79,433 |
| 45-49 | 19 | 13 | 12 | 22 | 36 | 7 | 1 | 110 | \$ 78,133 |
| 50-54 | 14 | 4 | 12 | 18 | 25 | 16 | 12 | 101 | \$ 82,356 |
| 55-59 | 14 | 6 | 8 | 14 | 14 | 7 | 11 | 74 | \$ 74,892 |
| 60-64 | 9 | 6 | 4 | 12 | 3 | 5 | 9 | 48 | \$ 77,864 |
| 65 + | 4 | 9 | 1 | 6 | 3 | 4 | 4 | 31 | \$ 62,889 |
| Total | 226 | 129 | 77 | 119 | 89 | 40 | 37 | 717 | \$ 74,514 |

Average Age: 44.73

Average Service: 12.33

FEMALES -- FULL YEARS OF SERVICE TO JANUARY 1, 2024

| <u>Age</u> | <u>0-4</u> | <u>5-9</u> | <u>10-14</u> | <u>15-19</u> | <u>20-24</u> | <u>25-29</u> | <u>30+</u> | <u>Total</u> | <u>Average Salary</u> |
|------------|------------|------------|--------------|--------------|--------------|--------------|------------|--------------|-----------------------|
| 0-19 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | \$ 15,017 |
| 20-24 | 46 | 0 | 0 | 0 | 0 | 0 | 0 | 46 | \$ 40,438 |
| 25-29 | 83 | 20 | 0 | 0 | 0 | 0 | 0 | 103 | \$ 48,153 |
| 30-34 | 74 | 43 | 13 | 0 | 0 | 0 | 0 | 130 | \$ 56,825 |
| 35-39 | 49 | 41 | 27 | 18 | 0 | 0 | 0 | 135 | \$ 61,757 |
| 40-44 | 42 | 24 | 16 | 29 | 19 | 1 | 0 | 131 | \$ 62,026 |
| 45-49 | 24 | 15 | 9 | 26 | 30 | 14 | 0 | 118 | \$ 69,942 |
| 50-54 | 39 | 16 | 16 | 27 | 27 | 24 | 19 | 168 | \$ 65,729 |
| 55-59 | 24 | 26 | 8 | 16 | 15 | 16 | 30 | 135 | \$ 62,078 |
| 60-64 | 13 | 14 | 11 | 8 | 12 | 8 | 17 | 83 | \$ 57,372 |
| 65 + | 4 | 2 | 6 | 3 | 7 | 0 | 6 | 28 | \$ 63,238 |
| Total | 399 | 201 | 106 | 127 | 110 | 63 | 72 | 1,078 | \$ 60,198 |

Average Age: 44.56

Average Service: 11.63



Schedule M

Actuarial Assumptions and Actuarial Cost Method for Funding Purposes, January 1, 2024.

Actuarial Assumptions

Mortality Rates: 2013 RP Annuitant and Non-Annuitant Mortality Tables for males and females with no projected improvement.

Withdrawal Rates: Members not eligible to retire are assumed to terminate employment in accordance with a percentage of the withdrawal rates set forth in Table T-7 of the Actuary's Handbook. The applicable percentage depends on the member's years of service as follows:

| YEARS OF SERVICE | PERCENTAGE |
|-------------------|------------|
| Less than 1 | 300% |
| 1 but less than 2 | 275% |
| 2 but less than 3 | 250% |
| 3 but less than 4 | 225% |
| 4 but less than 5 | 200% |

It is further assumed that a percentage of members who terminate after having met the Plan's five year vesting requirement will elect an immediate refund of their own contributions with interest thus forfeiting the County -- provided pension. The applicable percentage is 100% for termination ages up to age 30. After age 30 the applicable percentage is determined as 100% less (age - 30) x 3 1/3%. Illustrative percentages are as follows:

| AGE | PERCENTAGE |
|------------|------------|
| 30 or less | 100.0% |
| 35 | 83.3% |
| 40 | 66.7% |
| 45 | 50.0% |
| 50 | 33.3% |
| 55 | 16.7% |

Once member reaches retirement eligibility, a withdrawal rate of zero is assumed.



Schedule M - Continued

The following tables set forth illustrative withdrawal rates as determined in accordance with the methodology described on the previous page.

Probability of Withdrawing During the Year:

LESS THAN FIVE YEARS OF SERVICE

| <u>Age at Hire</u> | <u>Years of Service</u> | | | | |
|--------------------|-------------------------|----------|----------|----------|----------|
| | <u>0</u> | <u>1</u> | <u>2</u> | <u>3</u> | <u>4</u> |
| 20 | .2982 | .2720 | .2460 | .2202 | .1947 |
| 30 | .2791 | .2532 | .2275 | .2021 | .1770 |
| 40 | .2326 | .2067 | .1814 | .1570 | .1335 |
| 50 | .1267 | .1013 | .0781 | .0577 | .0407 |
| 59 | .0086 | - | - | - | - |

FIVE OR MORE YEARS OF SERVICE

| <u>Age at Beginning of Year</u> | <u>Probability of Withdrawing and Forfeiting County Pension</u> | <u>Probability of Withdrawing and Retaining County Pension</u> |
|---------------------------------|---|--|
| 30 | .0930 | .0000 |
| 40 | .0517 | .0258 |
| 50 | .0141 | .0281 |
| 59 | .0001 | .0028 |

Disability Rates: Disability rates are not used.

Investment Return: 7.5% per annum, compounded annually.

Salary Increases: 3.5% per annum.

Valuation Assets: Market value adjusted for unrecognized gains and losses from prior years.



Schedule M - Continued

Retirement Rates: Members eligible to retire are assumed to retire in accordance with the following rates:

| <u>AGE AT BEGINNING OF YEAR</u> | <u>PROBABILITY OF RETIRING DURING YEAR</u> |
|---------------------------------|--|
| 55-59 | .07 |
| 60-61 | .08 |
| 62-64 | .15 |
| 65 | .34 |
| 66-70 | .23 |
| 71-79 | .21 |
| 80 | 1.00 |

Administrative Expenses: Assumed to be paid from the County's general fund and not from plan assets. However, administrative expenses may from year to year be paid from the fund unless it is determined by the actuary that such payment will impair the actuarial soundness of the fund.

Actuarial Cost Method: The actuarial cost method used to determine the plan's funding requirements is the entry age normal method. Under this method, an actuarial accrued liability is determined as the actuarial present value of projected benefits for all participants minus the actuarial present value of future normal costs. The normal cost is determined as the annual amount required to fund between entry age and assumed exit age the actuarial present value of projected benefits for each active participant under the assumed retirement age.

Actuarial Software: The valuation results were produced using an actuarial valuation system, ProVal, that is widely used within the industry. ProVal is actively used by a large number of retirement systems to perform annual funding/accounting valuations, gain and loss analyses, and cost studies. ProVal was created specifically to value pension plan liabilities and uses the applicable assumptions and methods along with the pension plan census data to produce appropriate results. Test lives are generated to review the accuracy of both the input and output, allowing the users to confirm with a high degree of accuracy how the programmed benefit is applied to an individual along with the applicable decrements and other assumptions. The actuarial team loads the participant data, programs the benefit provisions, enters the applicable assumptions into the model, and reviews sample life output and results under the supervision of a credentialed actuary or actuaries who are proficient users of the software. We are not aware of any material limitations in the model nor any material inconsistencies in the assumptions used within the model.

Changes Since Prior Valuation: None.



Schedule N

Summary of Plan Provisions

- 1. Effective Date** - The effective date of this plan is January 1, 1942.
- 2. Eligibility for Plan Membership** - An employee shall be eligible to become a participant immediately upon becoming an employee.
- 3. Accrued Benefit** - The Retirement Board has authorized benefits equal to a percentage of the members Final Average Salary for each year of service the member has participated in the following Classes:

| Class | Percentage | Effective |
|-------|------------|------------|
| 1/120 | 0.833% | 01/01/1942 |
| 1/100 | 1.000% | 01/01/1950 |
| 1/80 | 1.250% | 10/01/1970 |
| 1/70 | 1.429% | 01/01/1979 |
| 1/60 | 1.667% | 04/01/1986 |

4. Normal Retirement (Superannuation)

Eligibility: Retirement occurs at age 60 or at age 55 if the participant has completed 20 years of service.

Pension: A monthly pension equal to (a) and (b), as follows:

- 0.833% of 1/12th of Final Average Salary multiplied by years of credited service on the 1/120 Class,
1.000% of 1/12th of Final Average Salary multiplied by years of credited service on the 1/100 Class,
1.250% of 1/12th of Final Average Salary multiplied by years of credited service on the 1/80 Class,
1.429% of 1/12th of Final Average Salary multiplied by years of credited service on the 1/70 Class,
1.667% of 1/12th of Final Average Salary multiplied by years of credited service on the 1/60 Class,

PLUS

- a monthly annuity based on the actuarial equivalent of the member's accumulated contributions with credited interest.



Schedule N - Continued

5. **Final Average Salary** - The average of the member's annual compensation received for the three years which produce the highest such average.

6. **Compensation** - Pick-up contributions plus remuneration received as a county employee excluding refunds for expenses, contingency and accountable expense allowances and excluding severance payments or payments for unused vacation or sick leave.

7. Early Retirement

Eligibility:

Voluntary: Upon completion of 20 years of service.

Involuntary: Upon completion of 8 years of service.

Pension: (a) a monthly pension equal to the actuarial equivalent of the benefits calculated in 4(a),

PLUS

(b) a monthly annuity based on the actuarial equivalent of the member's accumulated contributions with credited interest.

8. **Vesting** - One Hundred Percent (100%) upon completion of five years of credited service. A member who terminates employment after five years of credited service will receive a deferred annuity commencing at age 60 (or at age 55 if the member has at least 20 years of service at termination). The deferred benefit shall be calculated using the normal retirement pension formula but based on credited service, final average salary and accumulated contributions at termination.

If a member terminates employment prior to entitlement to Plan benefits, he will receive his accumulated contributions with interest.

9. **Postponed Retirement** - A member may work past normal retirement age and continue to accrue pension credits.

10. Disability Retirement

Eligibility: Total and permanent disability prior to Superannuation (Normal Retirement) age and after completion of five years of credited service.

Pension: A total monthly pension commencing on the last day of the month following disability retirement equal to 25% of the 1/12th of Final Average Salary at time of retirement. Such total monthly pension shall include the monthly disability that is actuarially equivalent to the member's accumulated contributions at retirement.



Schedule N - Continued

11. Normal Form of Pension - Benefits are payable in the form of a modified cash refund life annuity, that is for the member's lifetime only, except that disability benefits shall cease upon cessation of disability.

12. Optional Retirement Benefits - A member may elect to receive the actuarial equivalent of his retirement benefit as a full cash refund annuity (Option One) or a reduced joint and survivor pension payable for the remainder of his life, with either 100% or 50% of the member's pension continuing after death to the designated beneficiary. A member may also elect to receive, in one payment, the full amount of his accumulated deductions and continue to receive the annuity provided by the county.

13. Death Benefits

(a) **Pre-Retirement.** If a member dies after having attained age 60 or having completed ten years of credited service, his beneficiary will receive a lump sum equal to the actuarially determined present value of the benefits calculated in (7a) based on the member's Final Average Salary and credited service at time of death plus the member's accumulated contributions with interest at time of death.

(b) **Post-Retirement.** Upon the death of a terminated or retired member, his beneficiary will receive survivor benefits, if any, in accordance with the form under which benefits were being paid to the member. In any event, the total amount of benefits paid to the deceased member and beneficiary must, at least, equal the member's accumulated contributions with interest.

14. Employee Contributions

The Retirement Board has authorized each member of the retirement system to individually elect to contribute between 5% and 15% of his salary.

15. Deposit Administrator

Investment Managers:
SEI Private Trust Company

Custodian:
SEI Private Trust Company

Investment Consultant:
SEI Private Trust Company



Schedule N - Continued

16. Administration - Retirement Board as designated in Act 96 of 1971, the County Pension Law.

17. Cost-of-Living - The cost-of-living increase shall be reviewed at least once in every three years by the Retirement Board. Prior to 2017, a percentage of the CPI could be granted. After 2016, the annual CPI could be granted. The Board has granted cost-of-living increases sixteen times in the past from January, 1972 through January, 1989 and since then as follows:

| PERCENTAGE/ANNUAL CHANGE IN C.P.I. | EFFECTIVE DATE OF INCREASE |
|---------------------------------------|-------------------------------|
| 100% | 1/1/1990 |
| 100% | 1/1/1991 |
| 100% | 1/1/1992 |
| 100% | 1/1/1993 |
| 100% | 1/1/1994 |
| 100% | 1/1/1999 |
| 100% | 1/1/2000 |



Schedule O

Historical Trend Information

REVENUES BY SOURCE

| <u>Fiscal Year</u> | <u>Employee Contributions</u> | <u>Employer Contributions</u> | <u>Investment Income</u> | <u>Miscellaneous</u> | <u>Total</u> |
|--------------------|-------------------------------|-------------------------------|--------------------------|----------------------|---------------|
| 2014 | \$ 6,074,679 | \$ 233,518 | \$ 21,888,162 | \$ 0 | \$ 28,196,359 |
| 2015 | 6,256,829 | 1,408,537 | 19,171,922 | 0 | 26,837,288 |
| 2016 | 6,500,174 | 2,088,776 | 16,593,757 | 0 | 25,182,707 |
| 2017 | 6,900,703 | 2,601,477 | 26,311,198 | 0 | 35,813,378 |
| 2018 | 7,119,321 | 3,648,063 | 39,609,820 | 15,517 | 50,392,721 |
| 2019 | 7,347,118 | 4,411,739 | (10,778,233) | 4,857 | 985,481 |
| 2020 | 7,338,292 | 5,188,611 | 41,407,153 | 0 | 53,934,056 |
| 2021 | 7,450,219 | 4,329,291 | 76,018,264 | 856 | 87,798,630 |
| 2022 | 8,106,646 | 48,474 | 29,195,239 | 251 | 37,350,610 |
| 2023 | 8,628,323 | 771,559 | 17,486,290 | 79 | 26,886,251 |

EXPENSES BY TYPE

| <u>Fiscal Year</u> | <u>Benefits</u> | <u>Refunds</u> | <u>Administrative/ Miscellaneous</u> | <u>Total</u> |
|--------------------|-----------------|----------------|--------------------------------------|---------------|
| 2014 | \$ 15,249,923 | \$ 766,561 | \$ 1,546,590 | \$ 17,563,074 |
| 2015 | 18,013,355 | 677,498 | 1,623,033 | 20,313,886 |
| 2016 | 18,485,072 | 897,704 | 1,509,355 | 20,892,131 |
| 2017 | 19,618,826 | 799,722 | 1,272,539 | 21,691,087 |
| 2018 | 22,034,587 | 1,004,156 | 1,406,844 | 24,445,587 |
| 2019 | 22,262,769 | 1,128,510 | 1,516,773 | 24,908,052 |
| 2020 | 24,542,845 | 967,939 | 1,608,415 | 27,119,199 |
| 2021 | 26,923,948 | 1,621,825 | 1,698,461 | 30,244,234 |
| 2022 | 29,709,924 | 1,121,169 | 1,636,312 | 32,467,405 |
| 2023 | 30,195,570 | 1,287,252 | 1,102,157 | 32,584,979 |



Schedule P

Plan Maturity Measures and Additional Risks

Assets are accumulated over participants' careers to pay future benefits. The natural growth of liabilities and assets is referred to as plan maturity. As the plan matures, the size of the plan grows relative to the active members' payroll and will cause changes in the assets or liabilities to have a larger effect on the Actuarially Determined Contribution (ADC). The following table shows a history of the plan's maturity and the effect of a 1% change in plan assets or liabilities on the ADC.

| <u>Fiscal Year</u> | <u>Actives Per Retirees</u> | <u>Ratio of Assets to Payroll</u> | <u>Effect on ADC of a 1% Change in Assets</u> | <u>Ratio of Actuarial Accrued Liability to Payroll</u> | <u>Effect on ADC of a 1% Change in Liability</u> |
|--------------------|-----------------------------|-----------------------------------|---|--|--|
| 2018 | 1.5 | 3.9 | \$ 490,000 | 4.4 | \$ 540,000 |
| 2019 | 1.5 | 4.3 | \$ 549,000 | 4.5 | \$ 569,000 |
| 2020 | 1.4 | 4.8 | \$ 595,000 | 4.7 | \$ 592,000 |
| 2021 | 1.3 | 5.4 | \$ 663,000 | 5.0 | \$ 617,000 |
| 2022 | 1.2 | 4.1 | \$ 541,000 | 4.7 | \$ 622,000 |
| 2023 | 1.2 | 4.3 | \$ 598,000 | 4.7 | \$ 655,000 |

The Society of Actuaries' Retirement Plans Experience Committee (RPEC) has released the final report of the Pub-2010 Public Retirement Plans Mortality Tables. The primary focus of this study was a comprehensive review of recent mortality experience of public retirement plans in the United States. There are separate tables for teachers, safety employees, and general employees. The effect of changing to the Pub-2010 for General on the ADC is an increase of \$3,090,000.

The primary risks associated with plan maturity are listed below:

Investment Risk – Risk that the assumed rate of return is not achieved, and the plan funding level deteriorates

Contribution Risk – Risk that the County does not pay the full ADC

Liquidity Risk – Risk that investments cannot be liquidated timely to pay benefit payments due to plan participants

Longevity Risk – Risk that plan participants live longer than expected causing annuities to cost the Plan more

The low-default-risk obligation measure (LDROM) can be used to quantify investment risk by utilizing an investment return assumption that corresponds to an asset allocation invested in low default asset classes. For purposes of the LDROM, the discount rate as of the measurement date was set to 5.16%. This discount rate is based on the projected benefit payments for the Plan and the HQM Corporate Bond Yield Curve Spot Rates published as of December 31, 2023. All other assumptions and methods remained the same to measure the LDROM.



Schedule P - Continued

| | Funding Assumptions | LDRM Assumptions |
|-------------------------------------|----------------------------|-------------------------|
| Actuarial Accrued Liability | 578,254,131 | 746,415,022 |
| Actuarial Value of Assets | 572,646,877 | 572,646,877 |
| Unfunded Liability | 5,607,254 | 173,768,145 |
| Actuarially Determined Contribution | 4,727,765 | 26,346,757 |
| Funded Status | 99.0% | 76.7% |
| Investment Return Assumption | 7.5% | 5.16% |

Drastically reducing investment risk would create an additional unfunded liability of \$168,160,891 and increase the actuarially determined contribution by \$21,618,992. This information is for illustrative purposes only to provide a relative impact caused by investment risk attributed to the Plan.

ATTACHMENT I – COUNTY OF BERKS FIVE YEAR FORECAST – ADC
VALUATION FORECAST & GASB 68 PROJECTION 2024-2028

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**Berks County - ADC Valuation Forecast****Assuming contribution payment, 7.50% investment return, and RP2013 Mortality**

| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| Present Value of Benefits | | | | | | |
| Current Retirees | 266,627,186 | 266,176,986 | 265,743,522 | 266,194,833 | 267,560,102 | 269,443,646 |
| Future Retirees | 240,573,090 | 266,366,465 | 281,631,122 | 293,639,296 | 305,031,433 | 315,997,659 |
| Members' Accumulated Deductions | 123,879,012 | 126,877,507 | 129,915,474 | 133,023,558 | 136,124,742 | 139,242,475 |
| Total | 631,079,288 | 659,420,958 | 677,290,118 | 692,857,687 | 708,716,277 | 724,683,780 |
| Actuarial Accrued Liability | | | | | | |
| Current Retirees | 266,627,186 | 266,176,986 | 265,743,522 | 266,194,833 | 267,560,102 | 269,443,646 |
| Future Retirees | 212,897,158 | 227,207,007 | 241,937,510 | 253,717,649 | 264,769,312 | 275,283,625 |
| Members' Accumulated Deductions | 98,729,787 | 101,613,357 | 104,909,950 | 107,279,518 | 109,247,151 | 111,232,134 |
| Total | 578,254,131 | 594,997,350 | 612,590,982 | 627,191,999 | 641,576,565 | 655,959,405 |
| Normal Cost | | | | | | |
| Current Retirees | 0 | 0 | 0 | 0 | 0 | 0 |
| Future Retirees | 9,706,944 | 9,998,505 | 10,291,619 | 10,473,655 | 10,666,168 | 10,855,658 |
| Total | 9,706,944 | 9,998,505 | 10,291,619 | 10,473,655 | 10,666,168 | 10,855,658 |
| Cashflow | | | | | | |
| Current Retirees | 28,821,128 | 29,207,473 | 29,565,527 | 30,001,461 | 30,537,848 | 31,118,902 |
| Future Retirees | 1,730,593 | 2,026,894 | 2,598,207 | 2,930,619 | 3,379,455 | 3,688,250 |
| Total | 30,551,721 | 31,234,367 | 32,163,734 | 32,932,080 | 33,917,303 | 34,807,152 |
| Funded Status | | | | | | |
| Actuarial Accrued Liability | 578,254,131 | 594,997,350 | 612,590,982 | 627,191,999 | 641,576,565 | 655,959,405 |
| Actuarial Value of Assets | 572,646,877 | 577,715,411 | 586,410,498 | 597,144,143 | 634,766,508 | 663,295,576 |
| Unfunded Actuarial Accrued Liability | 5,607,254 | 17,281,939 | 26,180,484 | 30,047,856 | 6,810,056 | (7,336,171) |
| Percentage | 99.03% | 97.10% | 95.73% | 95.21% | 98.94% | 101.12% |
| Actuarially Determined Contribution | | | | | | |
| Normal Cost with interest to EOY | 10,434,965 | 10,748,393 | 11,063,491 | 11,259,179 | 11,466,130 | 11,669,833 |
| Amortization Cost | 635,230 | 1,982,144 | 3,067,950 | 3,631,190 | 1,154,708 | (831,095) |
| Expected Member Contributions | (6,342,430) | (6,471,890) | (6,624,946) | (6,724,390) | (6,840,642) | (6,965,715) |
| Total | 4,727,765 | 6,258,647 | 7,506,495 | 8,165,979 | 5,780,196 | 3,873,023 |
| Funding | | | | | | |
| Assets at start of year | 527,663,827 | 567,238,614 | 589,239,685 | 613,279,315 | 639,006,561 | 663,295,576 |
| Paid to trust fund | | | | | | |
| Contribution - Employer | 4,727,765 | 6,258,647 | 7,506,495 | 8,165,979 | 5,780,196 | 3,873,023 |
| Contribution - Employee | 8,535,540 | 8,709,765 | 8,915,745 | 9,049,575 | 9,206,026 | 9,374,346 |
| Contribution - Misc. | 0 | 0 | 0 | 0 | 0 | 0 |
| Paid from trust fund | | | | | | |
| Benefit Payments & Refund | 30,551,721 | 31,234,367 | 32,163,734 | 32,932,080 | 33,917,303 | 34,807,152 |
| Refund Member Contributions | 1,362,669 | 1,395,653 | 1,429,070 | 1,463,259 | 1,497,372 | 1,531,667 |
| Expenses (includes investment) | 1,782,907 | 1,911,525 | 1,983,029 | 2,061,158 | 2,144,771 | 2,223,711 |
| Investment earnings | 60,008,779 | 41,574,204 | 43,193,223 | 44,968,189 | 46,862,239 | 48,652,611 |
| Assets at end of year | 567,238,614 | 589,239,685 | 613,279,315 | 639,006,561 | 663,295,576 | 686,633,026 |
| Amortization factor | | | | | | |
| Amortization period for gains/losses | 15 | 15 | 15 | 15 | 15 | 15 |
| Assumptions | | | | | | |
| Discount Rate | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% |
| Investment earnings rate | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% |
| Salary assumption | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% |
| Assumed Payroll | 122,263,718 | 124,759,327 | 127,709,796 | 129,626,798 | 131,867,801 | 134,278,834 |



Berks County - GASB 68 Forecast

Assuming contribution payment, 7.50% investment return, and RP2013 Mortality

| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Funded Status | | | | | | |
| Actuarial Accrued Liability | 567,425,515 | 585,607,067 | 598,428,123 | 611,279,196 | 623,918,045 | 635,885,959 |
| Market Value of Assets | 527,663,827 | 544,263,424 | 563,858,115 | 585,288,067 | 608,752,212 | 631,066,966 |
| County's Net Pension Asset | (39,761,688) | (41,343,643) | (34,570,008) | (25,991,129) | (15,165,833) | (4,818,993) |
| Percentage | 92.99% | 92.94% | 94.22% | 95.75% | 97.57% | 99.24% |
| Pension Expense - Sum of Components Method | | | | | | |
| Service Cost Includes Expected Member Contribution | 8,820,227 | 9,183,383 | 9,393,655 | 9,604,163 | 9,804,167 | 10,007,750 |
| Member Contributions | (8,628,323) | (8,373,208) | (8,464,064) | (8,583,283) | (8,713,482) | (8,859,407) |
| Administrative Expenses | 41,500 | 33,000 | 33,000 | 33,000 | 33,000 | 33,000 |
| Interest on the Total Pension Liability | 40,705,919 | 41,947,748 | 42,869,914 | 43,804,125 | 44,713,812 | 45,585,400 |
| Projected Earnings on Plan Investments | (35,005,545) | (38,863,913) | (40,132,502) | (41,619,112) | (43,245,441) | (44,902,040) |
| Expensed Portion of Current-Period Difference Between Expected and Actual Experience in the Total Pension Liability | 3,849,082 | 2,484,059 | 335,031 | (1,909,815) | (5,385,572) | (8,232,177) |
| Expensed Portion of Current-Period Changes of Assumptions | 109,798 | 0 | 0 | 0 | 0 | 0 |
| Expensed Portion of Current-Period Differences Between Actual and Projected Earnings on Plan Investments | (73,688) | 7,474,595 | 11,527,832 | 19,452,722 | (5,656,551) | 2,203,313 |
| Benefit Change | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 37,721 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 |
| Pension Expense | 9,856,691 | 13,920,664 | 15,597,866 | 20,816,800 | (8,415,067) | (4,129,161) |
| Pension Expense - Change in Balance Sheet Method (Excluding Changes Due to Employer Contributions) | | | | | | |
| Change in NPL | (23,408,403) | 1,581,955 | (6,773,635) | (8,578,879) | (10,825,296) | (10,346,840) |
| Change in Deferred Outflows of Resources | 20,896,849 | 26,161,460 | 27,316,626 | 27,257,363 | 640,575 | 103,079 |
| Change in Deferred Inflows of Resources | 11,596,686 | (16,944,299) | (9,396,428) | (3,715,149) | (5,257,628) | 1,005,174 |
| Employer Contributions | 771,559 | 3,121,548 | 4,451,303 | 5,853,465 | 7,027,282 | 5,109,426 |
| Pension Expense | 9,856,691 | 13,920,664 | 15,597,866 | 20,816,800 | (8,415,067) | (4,129,161) |
| Amortization Factor | | | | | | |
| Amortization Period for Liability Gains/Losses | 4.5 | 4.3 | 4.3 | 4.2 | 4.1 | 4.1 |
| Amortization Period for Assumption Changes | 4.5 | 4.3 | 4.3 | 4.2 | 4.1 | 4.1 |
| Amortization Period for Investment Gain/Losses | 5 | 5 | 5 | 5 | 5 | 5 |
| Assumptions | | | | | | |
| Discount Rate | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% |
| Investment Earnings Rate | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% |
| Salary Assumption | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% |

ATTACHMENT J – ANNUAL PENSION BENEFIT STATEMENT

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ATTACHMENT K – REQUEST FOR A PENSION QUOTATION

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REQUEST FOR A BERKS COUNTY RETIREMENT QUOTATION

Member's Name _____ Date of Birth: X/XX/XXXX Sex: _____

Name of ONE Beneficiary _____ Date of Birth: X/XX/XXXX Sex: _____

Date of Retirement/Death 7/27/2019

Prior service (before plan was established) Years _____ Months _____ Days _____
 From: _____ Through: _____

Military Service Years 3 Months _____ Days _____

Purchased Service Years _____ Months _____ Days _____
 From: _____ Through: _____

OUT TIME

Membership Service Years _____ Months _____ Days _____
 None TO From: 7/26/2010 Through: 7/26/2019
 TO _____
 TO _____
 TO _____
 TO _____
 TO _____

Class Basis

Member entered plan on 1/60 basis _____
 Member updated to _____ basis on _____
 Member updated to _____ basis on _____
 Member updated to _____ basis on _____
 Member updated to _____ basis on _____
 Member updated to _____ basis on _____

Type of Quotation

Superannuation Disability _____
 Voluntary _____ Death _____
 Involuntary _____ Vesting to _____
 Age _____

Special Early Retirement Incentive
 of _____

Accumulated Deductions

| | | |
|--|-----------|-------------------------|
| Member Contributions (including member portion only of military/leave of absence purchase) | \$ | <u>22,480.76</u> |
| IRC 414(h)(2) "Pickup" Contributions | \$ | <u>28,312.50</u> |
| Total Interest Earned | \$ | <u>8,763.00</u> |
| Total Accumulated Deductions as of date of Retirement/Death | \$ | <u>59,556.26</u> |

Military/Leave of Absence Purchase Amount

Member Portion

County Portion

Included above

\$ 11,155.73

| <u>Final "Average" Salary</u> | <u>Year</u> | <u>No. of Pays</u> | <u>Total Compensation</u> | | |
|-------------------------------|-------------|--------------------|---------------------------|----|---------------------|
| | <u>0</u> | <u>0</u> | \$ - | | |
| | | <u>0</u> | \$ - | | |
| | | <u>0</u> | \$ - | | |
| | | <u>0</u> | \$ - | | |
| Total | | 0 | \$ 211,974.48 | /3 | \$ 70,658.16 |

Preliminary Quotation No Option Option 2 Option 4B
 Final Retirement Option 1 Option 3

Data Submitted and Certified as Correct by _____ Date: _____

ATTACHMENT L – PENSION QUOTATION

[intentionally left blank]

BERKS COUNTY RETIREMENT FINAL

Member: [REDACTED] Date of Birth: [REDACTED] Sex: [REDACTED] Age: [REDACTED]

Date of Retirement: 7/27/2019 Type of Retirement: Superannuation

Final Salary: \$ 70,658.16

Member Contributions: \$ 22,480.76

IRC 414(h)(2) 'Pickup' Contributions: \$ 28,312.50

Total Interest Credited: \$ 8,763.00

Accumulated Deductions: \$ 59,556.26

Non-Intv Mil Service: 3.00000 Yrs

Membership Service: 9.00274 Yrs

Total Service: 12.00274 Yrs

Member has elected to receive the following monthly retirement allowance:

Option Four (B): You have elected to withdraw, in one payment, the total accumulated deductions of \$59,556.26 credited to your member account at retirement in addition to receiving a monthly annuity of \$1,126.62 payable throughout your life. Should you fail to receive monthly payments at least equal to the present value of the annuity of \$150,468.55, the balance shall be paid to your designated beneficiaries.

* A pro rata benefit of \$181.71 is to be paid for 5 days in the month of July.

In accordance with Act 96 of 1971, Section 7, the following transfer entries should be made:

| | <u>Debit</u> | <u>Credit</u> |
|----------------------------------|---------------|---------------|
| Member's Annuity Reserve Account | \$ 59,556.26 | |
| County Annuity Reserve Account | \$ 150,468.55 | |
| Retired Member's Reserve Account | | \$ 210,024.81 |

Date: 8/15/2019

By: *Eugene J. Shoran*
Korn Ferry (US)

Federal Income Tax Data

Name of Member: XXXXXXXXXX

The following is a statement to you as a retiring member of Berks County to assist you and your tax advisor in determining how your retirement benefits are to be reported for Federal Income Tax purposes.

| | |
|--|-----------------|
| Date of Retirement: | 7/27/2019 |
| Amount of monthly pension under Option Four (B): | \$ 1,126.62 |
| (1) Member contributions (including member's portion of military service purchased): | \$ 22,480.76 |
| (2) IRC 414(h)(2) Pickup Contributions: | \$ 28,312.50 |
| (3) Total interest: | \$ 8,763.00 |
| (4) Total accumulated deductions at retirement: | \$ 59,556.26 |
| (5) County portion of military service purchased: | \$ 11,155.73 |
| (6) County portion of leave of absence purchased: | \$ 0.00 |
| (7) Total member's cost or investment in contract (1) + (5) + (6): | \$ 33,636.49 |
| (8) Present value of your retirement allowance immediately before the total accumulated deductions were withdrawn: | \$ \$210,024.81 |

You have elected to withdraw, in one payment, the accumulated deductions credited to your member's annuity reserve account at retirement in addition to receiving a monthly annuity as provided by the county. You are eligible, in accordance with IRC 402 (c), to roll over \$50,018.04, the taxable portion of the amount withdrawn. This portion, if not directly rolled over, is subject to 20% withholding and Federal Income Tax.

A portion of the amount withdrawn in one payment is considered to be a refund of your cost or investment in contract and is also eligible to be rolled over. This amount (\$9,538.22) which will be tax-free in the year that you receive the distribution was determined by taking the ratio of your cost (\$33,636.49) divided by the present value of your benefit before withdrawal (\$210,024.81) and multiplying the answer by the total amount withdrawn (\$59,556.26). The remaining balance of your cost or investment in contract \$24,098.27 (\$33,636.49 - \$9,538.22) will be recovered via the Simplified Method.

To determine the dollar amount of your basic pension income which is to be excluded from gross income for federal income tax purposes, the Simplified Method is used in accordance with Internal Revenue Code Section 72 (d) (1) (B).

Under the Simplified Method, the portion of each monthly annuity payment that is to be excluded from gross income is a level dollar amount (\$92.69) determined by dividing your remaining investment in contract (\$24,098.27) by a set number of annuity payments (260) based on your attained age (62) as of the retirement date.

The lesser of the monthly annuity payment determined at retirement, or the dollar amount determined above, will be excluded from each monthly annuity payment. This applies even when the amount of the annuity payment increases due to cost of living increases, or decreases in the case of a reduced survivor annuity. You may use the Simplified Method until you recover your investment in contract. Thereafter, all annuity payments become fully includible in your gross income.

This taxable portion that will be reported on Form 1099R will be calculated according to the Simplified Method. Further information on the Simplified Method is available in the instructions to Form 1040. Please be advised that these comments are not official and cannot be relied upon as such. You are encouraged to contact a tax advisor or the Internal Revenue Service for further assistance in determining the tax liability of your retirement payments.

Any cost-of-living payments that you may receive in the future will also be taxable as ordinary income in the year received.

ATTACHMENT M – GLOSSARY OF DEFINED TERMS

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Attachment M - Glossary of Defined Terms

| Term | Acronym or Abbreviation | Definition |
|---|-------------------------|--|
| Accounts Payable | | The Accounts Payable application module in Oracle EBS, as defined by Oracle. |
| Accounts Receivable | | The Accounts Receivable application module in Oracle EBS, as defined by Oracle. |
| Berks County Employee's Pension Plan | | A legally binding document that outlines the rules and terms of a retirement plan, including the eligibility requirements, contribution limits, vesting schedules, and benefit calculations |
| Berks County Employees' Retirement Board | | Responsible for the administration of the County's retirement system which includes the fiduciary responsibility to manage the pension funds. It is comprised of the Commissioners, Controller and Treasurer. |
| Commissioners | | Three elected at large members which are the chief governing body for the County of Berks. |
| Controller | | An elected official that is responsible for the fiscal affairs of the County that includes audits and decides on all bills, claims, and demands whatsoever against the County; draws and certifies vouchers for all bills, claims, and demands against the County. |
| Employment Retirement Income Security Act | ERISA | A federal law that sets minimum standards for employee benefit plans, primarily retirement and health plans in the private sector |
| Enterprise Resource Planning | ERP | A suite of applications that integrates and manages core business processes. |
| Human Capital Management | | The human resource application cloud based module, as defined by Oracle. |
| Hyperion | | The budget cloud based module, as defined by Oracle. |
| iSupplier | | The iSupplier application module in Oracle EBS, as defined by Oracle. |
| Oracle | | Oracle Corporation is the developer and owner of the software that is being utilized for this project. |
| Procurement Modules | | The complement of purchasing/procurement modules in Oracle EBS, as defined by Oracle. |
| Program Manager | PM | The individual responsible for planning, organizing, and directing the completion of the services for this Agreement. |
| Proposer | | A party submitting a proposal in an attempt to win a contract for the services in the referenced solicitation. |
| Treasurer | | An elected official that is the custodian of the County's money and functions include collecting real estate taxes, fees and receipts to disburse all funds after authorization by the Controller and the Commissioners. |