



**PLEASE DO NOT USE STAPLES TO BIND THE BID RESPONSES.**

City of Rockford, Illinois USA  
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[www.rockfordil.gov](http://www.rockfordil.gov)

## Table of Contents

- Request for Proposals

### **Section 1**      **Bid Instructions and Contract Conditions**

- [City of Rockford-RFP and Contract General Conditions \(Local Funds\)](#)

### **Section 2**      **Required Forms**

- [City of Rockford Equal Employment Opportunity Certifications](#)
- [City of Rockford Subcontractor Utilization Form](#)
- [City of Rockford Vendor Workforce Data Form](#)
- [City of Rockford Subcontractor Workforce Data Form](#)
- [Acknowledgement of Stormwater Management Ordinance](#)
- [Acknowledgement of Addendum](#)
- [W-9 Form](#)

### **Section 3**      **General and Special Provisions**

- General Provisions
- Special Provisions
- Bid Form

# **Section 1**

# **RFP Instructions**

# **and**

# **Contract**

# **Conditions**

## **CITY OF ROCKFORD, ILLINOIS—RFP AND CONTRACT GENERAL CONDITIONS (LOCAL FUNDS)**

The following shall be made part of the terms and conditions of the contract (“Contract”) entered into between the City of Rockford (City) and Vendor (also referred to herein as “proposer,” “awarded vendor,” and “contractor”) if awarded the contract. Vendor’s submission of a proposal constitutes acceptance of these Conditions:

**1. Pricing.** The proposer shall insert price for all bid items and all other information requested in these specifications. The price shall be the *full, delivered cost* to the City of Rockford with no additions.

**2. Total versus "Per Item" Awards.** The City generally awards contracts on a lump sum basis. However, the City may choose to award a contract to more than one proposer. Therefore, each proposer must submit pricing for each item indicated on the bid forms.

**3. Delivery of Merchandise.** Delivery terms will always be Freight-On-Board (FOB) Destination. The City of Rockford accepts no responsibility for the condition of any merchandise purchased prior to acceptance by City Personnel. Failure to comply with this requirement may constitute rejection of the bid.

**4. Acceptance of Merchandise at Delivery.** The City of Rockford reserves the right to refuse acceptance of delivered merchandise that differs substantially from the specifications in the invitation to bid or as otherwise permitted by Illinois law.

**5. Prompt Payment Act.** The City of Rockford intends to comply with the Local Government Prompt Payment Act (50 ILCS 505/1 *et seq.*). The awarded vendor will be paid upon submission of invoices to: City of Rockford Accounts Payable, 425 East State Street, Rockford, IL 61104.

**6. W-9 Request for Taxpayer Identification Number.** Prior to issuance of a purchase order, the successful bidder will be required to supply the City of Rockford with a federal W-9 Request for Taxpayer Identification Number and Certification. Failure to comply with this requirement will be considered a violation of contract terms, for which the City may bar Vendor from bidding for a period of up to three (3) years.

**7. Legal Compliance.** Vendor will at all times observe and comply, and will cause its subcontractors to observe and comply, with all applicable federal, state, and local laws, ordinances, rules, regulations, and executive orders, now existing or hereinafter in effect, which may in any manner affect the performance of this contract. Provisions required by law, ordinance, rules, regulations, or executive order to be inserted in this contract will be deemed inserted, whether or not they appear in it. In no event will failure to insert such required provisions prevent the enforcement of applicable law. Lack of knowledge of applicable law on the part of Vendor will in no way be cause for release of this obligation. If the City becomes aware of violation of any laws, ordinances, rules and regulations on the part of Vendor or subcontractor, it reserves the right to reject any bid, cancel any contract, and pursue any other legal remedies deemed necessary.

Vendor must pay all required taxes and obtain all licenses, certificates, or other authorization required in connection with the performance of its obligation hereunder, and Vendor must require all subcontractors to also do so. Failure to do so may result in rejection of Vendor's bid, cancellation of an award to Vendor, or termination of this contract with Vendor.

By entering into a contract with the City, Vendor certifies that to the best of its knowledge, its principals and any subcontractor used in the performance of this contract meet City requirements and have not violated any City ordinance, code, state, federal, or local rules or regulations, and have not been subject to any debarment, suspension, or other disciplinary action by any government agency. Additionally, if at any time Vendor becomes aware of such information, it must immediately disclose it to the City.

**8. Legal Requirements.** This contract sets forth the entire final agreement between the City of Rockford and the proposer and shall govern the respective duties and obligations of the parties. The validity of this contract, and any disputes arising from the contract, shall be governed by the laws of the State of Illinois. Any litigation under this agreement shall be resolved in the trial courts of Winnebago County, State of Illinois. Should a provision of this contract be declared invalid by a court of competent jurisdiction, it shall not affect the validity of the remaining provisions of the contract.

**9. Safety.** Prevention of accidents at any project is the sole responsibility of Vendor and its subcontractors, agents, and employees. Vendor, its subcontractors, agents, and employees shall be fully and solely responsible for the safety of this project. Vendor shall retain exclusive and direct control over the acts or omissions of its subcontractors, agents and employees, and any other persons performing portions of the work and not directly employed by the awarded vendor.

**10. Criminal Background Check.** When necessary for the protection of citizens and/or City staff, the City may require an awarded vendor to conduct a criminal background check on all of its personnel who will have direct contact with City facilities or residents/businesses served under this contract. Personnel are defined as representatives, agents, employees, subcontractors, or anyone else who will be utilized to fulfill obligations under this contract. Criminal background checks, at a minimum, shall consist of a county level felony and misdemeanor check for each county in which the personnel resided in the last ten (10) years. The awarded vendor shall notify the City of any of its personnel who have been convicted of a felony or misdemeanor prior to commencing any work under this contract. At the City's discretion, personnel with any felony or misdemeanor convictions which raise a concern about the safety of building, property, or City staff/resident's personal security, or is otherwise job related (as determined by the City) shall not perform work under this contract. Once given notice that a background check(s) will be required, it must be completed within fourteen (14) calendar days so as to not delay work to be completed.

**11. Control of the Work.** With respect to Vendor's own work, the City shall not have contractual, operational, and/or supervisory control over and/or charge of the work and shall not be responsible for construction means, methods, techniques, sequences, procedures, and programs in connection

with the awarded vendor's work, since these are solely the vendor's responsibility under the agreement. The City shall not be responsible for the awarded vendor's failure to carry out the work in accordance with the agreement's terms and conditions. The City shall not have control over and/or charge of acts or omissions of the awarded vendor, its subcontractors, and/or their agents or employees, or any other person performing portions of the work not directly employed by the awarded vendor. The awarded vendor shall be considered to be an "independent contractor" pursuant to Illinois law.

**12. Bid Bond.** When required on the cover sheet, a bid bond for not less than five (5) percent of the bid amount must accompany all bids as a guarantee that if the bid is accepted, the bidder will execute and file the proper contract. A bank cashier's check, bank draft, or certified check equal to the amount specified is acceptable in lieu of a bid bond. Bid bonds of the two lowest firms will be retained until the contract is awarded.

**13. Performance and Payment Bond.** When required by the specifications herein, the awarded vendor shall furnish a performance and payment bond equal to the amount of the contract, acceptable to the City, within fourteen (14) calendar days after notification of contract award. Failure to furnish the required bond within the time specified may be cause for rejection of the bid and any bid deposit may be retained by the City as liquidated damages and not as a penalty.

**14. Taxes.** No charge will be allowed for taxes from which the City of Rockford, Illinois is exempt. The City of Rockford, Illinois is not liable for the Illinois Retailers' Occupation Tax, the Service Occupation Tax or the Service Use Tax. The City is exempt from the Federal Excise and Transportation Tax.

**15. Withdrawal of Proposal.** Firms may withdraw or cancel their proposal at any time prior to the advertised Request for Proposal opening date and time. After the opening time, no proposal shall be withdrawn or cancelled. All proposals shall be firm and valid for a period of sixty (60) calendar days. If a proposer to whom a contract is awarded refuses to accept the award, the City may, at its discretion, suspend the proposer for a period of time up to three (3) years.

**16. Subcontracting.** Vendor shall provide information for all subcontractors and leased operators of equipment in the required Subcontractor Utilization Form. Information contained in this form must be complete and accurate, to the best of Vendor's estimating ability at the time of proposal, and will be relied upon by the City in projecting Minority and Women Business Enterprise subcontractor utilization for awarded City contracts. Any changes in subcontractor utilization from that which is provided on the Subcontractor Utilization Form must be made immediately in writing by submitting a new form to the City's Equal Opportunity Compliance Officer and the City Project Manager or designee. When subcontractors are used, Vendor must pay subcontractors for satisfactory performance no later than thirty (30) days after receipt of each payment from the City.

**17. Termination of Contract.** The City of Rockford reserves the right to terminate the contract in its entirety or in portions, upon written notice to Vendor for convenience, if the Rockford City Council does not appropriate sufficient funds to complete the contract, or in the event of default by Vendor. Default is defined as failure of the awarded vendor to perform any of the provisions of this contract or failure to make sufficient progress so as to endanger performance of this contract in accordance with its terms. The City's written notice of termination shall specify the effective date of termination. Vendor shall discontinue providing goods or services after such effective date, and the City shall not be liable for goods or services provided by Vendor thereafter. In the event of default, the City may purchase the product(s) and/or service(s) from other sources and hold the defaulting company responsible for any excess costs occasioned thereby. The City may require payment of liquidated damages for non-performance. Should default be due to failure to perform or because of a request for a price increase, the City reserves the right to remove the firm from the City's bidder list and place the firm on the City's debarred list for a period of up to three (3) years.

**18. Late Bids and Proposals.** Regardless of cause, late bids and proposals will not be accepted and will automatically be disqualified from further consideration. It shall be solely Vendor's risk to ensure delivery at the designated office by the designated time. Late bids and proposals will not be opened and may be returned to Vendor at their request and expense.

**19. Equal Employment Opportunity.** Vendor shall comply with all applicable equal employment opportunity statutes, regulations, and ordinances including but not limited to the City's Equal Opportunity Employment (EOE) Ordinance (City of Rockford Code of Ordinances, Chapter 11, Article IV); the Illinois Human Rights Act (775 ILCS 5/101 *et seq.*), the Illinois Department of Human Rights (IDHR) Rules and Regulations for Government Contracts (44 Ill. Admin. Code, Chapter X, Section 750), the Discrimination in Public Contracts Act (775 ILCS 10/0.01 *et seq.*), Title VII of the Civil Rights Act of 1964, as amended (§ 7, 42 U.S.C. § 2000e *et seq.*); the Age Discrimination in Employment Act of 1967, as amended (29 USC §.621 *et seq.*); Title I of the Americans with Disabilities Act of 1990, as amended (42 USC 12111-12117); the Equal Pay Act of 1963, as amended; and the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended (38 USC §§ 4301-4335).

Pursuant to IDHR's Rules and Regulations and the City's EOE Ordinance, the awarded vendor shall comply with the following terms and conditions during the performance of this contract:

- a) Vendor will not discriminate against any employee, including apprentices, or applicant for employment, including training programs, because of race, color religion, sex, sexual orientation, gender identity, marital status, order of protection status, status as a survivor of domestic violence or human trafficking, national origin or ancestry, citizenship status, age, physical or mental disability unrelated to ability, military status, or unfavorable discharge from military service; and, further, that Vendor will examine all job classifications to determine if minority persons or women are underutilized and will take appropriate affirmative action to rectify any underutilization.

- b) If Vendor hires additional employees in order to perform this contract or any portion of this contract, Vendor will determine the availability (in accordance with Section 750) of minorities and women in the areas from which Vendor may reasonably recruit and will hire for each job classification for which employees are hired in a way that minorities and women are not underutilized.
- c) In all solicitations and advertisements for employees placed by Vendor on its behalf, Vendor will state that all applicants will be afforded equal opportunity without discrimination because of race, color, religion, sex, sexual orientation, gender identity, marital status, order of protection status, status as a survivor of domestic violence or human trafficking, national origin or ancestry, citizenship status, age, physical or mental disability unrelated to ability, military status, or an unfavorable discharge from military service.
- d) Vendor will send to each labor organization or representative of workers with which it has or is bound by a collective bargaining or other agreement or understanding, a notice advising the labor organization or representative of the Vendor's obligations under the Illinois Human Rights Act and Section 750 of the Illinois Department of Human Rights Rules and Regulations. If any labor organization or representative fails or refuses to cooperate with the Vendor in its efforts to comply with the Act and Part 750, Vendor will promptly notify the Illinois Department of Human Rights and the City of Rockford and will recruit employees from other sources when necessary to fulfill its obligations under the contract.
- e) Vendor will submit reports as required by Part 750, furnish all relevant information that may be requested by the Illinois Department of Human Rights or the City of Rockford, and in all respects comply with the Act, the Department's Rules and Regulations, and the City of Rockford's Equal Opportunity Employment Ordinance. *Vendor's failure to complete the City's required Equal Employment Opportunity Certifications or Vendor and Subcontractor Workforce Data Forms will result in disqualification of Vendor's bid or proposal.*
- f) Vendor will permit access to all relevant books, records, accounts, and work sites by personnel of the City of Rockford and the Illinois Department of Human Rights for purposes of investigation to ascertain compliance with the Act, IDHR's Rules and Regulations, and City of Rockford EOE Ordinance.
- g) Vendor will include verbatim or by reference the Equal Employment Opportunity Clause (44 Ill. Admin. Code, Chapter X, Appendix A) in every subcontract awarded under which any portion of the contract obligations are undertaken or assumed, so that the provisions will be binding upon the subcontractor. In the same manner as with other provisions of this contract, Vendor will be liable for compliance with applicable provisions of this clause by subcontractors. Further, Vendor will promptly notify the City of Rockford and the Illinois Department of Human Rights if any subcontractor fails or refuses to comply with the provisions of sections (a) through (f) of this paragraph. Vendor shall not utilize



any subcontractor declared by the Illinois Human Rights Commission to be ineligible for contracts or subcontracts with the State of Illinois or any of its political subdivisions or municipal corporations.

**20. Restrictive or Ambiguous Specifications.** It is the responsibility of the proposing firm to review the Request for Proposal specifications and to notify the Central Services Manager if the specifications are formulated in a manner that would unnecessarily restrict competition. Any such protest or question regarding the specifications or Request for Proposal procedures must be received by the Central Services Division not less than seventy-two hours prior to the time set for the opening. In the event a contract term is not defined within the contract document, the term will be given its ordinary dictionary definition.

**21. Proposal or Award Protest.** Firms wishing to protest proposals or awards shall notify the Central Services Manager in writing within seven (7) days after the proposal opening. The notification should include the RFP number, the name of the firm protesting, and the reason why the firm is protesting. The Central Services Manager will respond to the protest within seven (7) calendar days. A successful protest may result in the reversal of a previously awarded contract.

**22. Disputes.** In case of disputes as to whether or not an item or service quoted or delivered meets specifications, the decision of the Central Services Manager or authorized representative shall be final and binding to all parties. The Central Services Manager has the right to waive technicalities as they see fit. The Central Services Manager may request a written recommendation from the head of the department using the equipment or service being procured.

**23. Exceptions.** Any deviations from these specifications shall be noted and submitted with the bid. Failure to address deviations from specifications may result in bid rejection.

**24. Acceptance/Rejection of Proposals.** The City of Rockford reserves the right to accept or reject any or all bids or proposals at any time, for any reason, including but not limited to the Rockford City Council not appropriating sufficient funds to purchase equipment or complete the contract. The City may make awards in any manner deemed in the best interest of the City.

**25. Prevailing Wage.** When indicated on the cover page of the invitation to bid, this contract calls for the construction of a "public work," within the meaning of the Illinois Prevailing Wage Act, 820 ILCS 130/.01 *et seq.* ("the Act"). The Act requires awarded vendors and subcontractors to pay laborers, workers, and mechanics performing services on public works projects no less than the "prevailing rate of wages" (hourly cash wages plus fringe benefits) in the county where the work is performed. Prevailing wage rates are determined by the Illinois Department of Labor and posted on the Department's website at:

<https://www2.illinois.gov/idol/Laws-Rules/CONMED/Pages/Rates.aspx>

(a) The Act does apply to owner-operators.

(b) When applicable, all awarded vendors and subcontractors rendering services under this contract must comply with all requirements of the Act, including but not limited to all wage, notice, recordkeeping, and filing of certified payroll requirements.

(c) Under the Act, it is mandatory upon Vendor to insert into each subcontract a written stipulation to the effect that not less than the prevailing rate of wages shall be paid to all laborers, workers and mechanics performing work under this contract. It is also the Vendor's responsibility under the Act to verify and pay *current* wage rates, as the Department may change them from time to time.

(d) It is Vendor's obligation to understand what the Act requires, and to comply accordingly. *Failure on the part of the City to provide proper written notice regarding the applicability of the Prevailing Wage Act does not relieve Vendor or subcontractors of the obligation to comply with the Act when applicable, nor does it relieve them of their obligation to pay back wages when owed.*

(e) Vendor and all subcontractors shall make all records required under the Prevailing Wage Act available for inspection, copying, or transcription by authorized representatives of the City of Rockford or Department of Labor. Vendor shall further permit such representatives to interview employees during working hours on the job. If Vendor or subcontractor fails to submit the required records or make them available, the City may take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request may be grounds for debarment action.

**26. Certified Payroll.** All Certified Payroll reports required to be submitted under the Prevailing Wage Act, 820ILCS 130, as directed by the State of Illinois (<https://www2.illinois.gov/idol/Laws-Rules/CONMED/Pages/Prevailing-Wage-Portal.aspx>).

No paper copies or non-conforming Certified Payroll reports will be accepted. A copy of proof of submission, including the reported wage information, must be submitted to the City with the request for payment. The City reserves the right to withhold payment due to the awarded vendor until the vendor complies with this or any other provision of the Act.

**27. Substance Abuse Prevention.** Before Vendor commences work on a public works project, it must have in place a written program which meets or exceeds the program requirements in the Substance Abuse Prevention on Public Works Projects Act (820 ILCS 265/1 et seq.), to be filed with the City and made available to the general public, for prevention of substance abuse among its employees. This program must include pre-hire, random, reasonable suspicion, and post-accident drug and alcohol testing, as required by the Substance Abuse Prevention on Public Works Projects Act.

**28. Apprenticeship Requirement.** For construction contracts over \$50,000, Vendor must participate in apprenticeship and training programs approved and registered with the United States Department of Labor's Bureau of Apprenticeship and Training for all Trades that will be in Vendor's (or his subcontractor's) employment, with each worker receiving the required apprenticeship/training appropriate to his trade. Owners or work performed by owners is not exempt from the apprenticeship and training requirement.

**29. Indemnification.** To the fullest extent permitted by law, Vendor shall indemnify and hold harmless the City, its officers, representatives, elected and appointed officials, agents, and employees from and against all claims, damages, losses and expenses, including but not limited to attorney's fees, arising out of or resulting from Vendor's performance of work under this agreement, and indemnifies and agrees to defend and hold harmless the City against any and all losses, claims, damages, and expenses arising from the work performed hereunder of the erection, construction, placement, or operation of any scaffold, hoist, crane, stay, ladder, support, or other mechanical contrivance in connection with such work including but not limited to losses, claims, damages, and expenses arising pursuant to claims asserted against the City pursuant to theories premised upon sections 343 and 414 of the Restatement (Second) of Torts.

This indemnification agreement shall not be limited in any way by any limitations on the amount or type of damages, compensation, or benefits payable by or for Vendor under the Illinois Workers' Compensation Act (820 ILCS 305/1 *et seq.*), disability benefit acts, or other employee benefit acts, and serves as an express agreement to waive the protection of *Kotecki v. Cyclops Welding Corp.*, 146 Ill.2d 155, 585 N.E.2d 1023 (1991) in Illinois.

Further, Vendor agrees that it is solely responsible for compliance with all safety laws applicable to the work performed hereunder, including but not limited to the Occupational Safety and Health Act (29 USC Ch. 15 §651 *et seq.*) and the Contract Work Hours and Safety Standards Act (40 USC Ch. 37 §3701 *et seq.*) and all standards and regulations which have been or shall be promulgated by the agencies which administer the Acts.

Under no circumstances shall Vendor, its subcontractors, agents, and employees be required to indemnify the City for its own negligence.

**30. Insurance Requirements.** Upon execution of the contract, and prior to Vendor commencing any work or services with regard to the project, Vendor shall carry commercial general liability insurance, umbrella liability insurance, and automobile liability insurance on ISO form CG 00 01 10 01 (or a substitute form providing equivalent coverage) and Vendor shall provide the City with a Certificate of Insurance and Additional Insured Endorsement on ISO form CG 20 10 11 85 (or substitute form providing equivalent coverage) or on the combination of ISO forms CG 20 10 10 01 and CG 20 3 7 1001 (or substitute forms providing equivalent coverage) naming the City as Additional Insured thereunder. Additional insured coverage shall apply as primary insurance and be noncontributory with respect to any other insurance afforded to the City. All coverage shall be placed with an insurance company duly admitted in the State of Illinois and shall be reasonably

acceptable to the City. All awarded vendor insurance carriers must maintain an A.M. Best rating of "A-" or better. Coverage shall be afforded to the additional insured whether or not a claim is in litigation.

The insurance coverage required above shall be of sufficient type, scope and duration to ensure coverage for the City for liability related to any manifestation date within the applicable statutes of limitation and/or repose which pertain to any work performed by or on behalf of the City in relation to the contract. The following insurance requirement shall apply to the successful firm for the duration of the contract unless explicitly waived by the Central Services Manager:

- a) Commercial General Liability. The coverage available to the City, as Additional Insured, shall not be less than \$1 million each occurrence, \$2 million general aggregate (subject to a per project general aggregate provision applicable to the project), \$2 million products/completed operations aggregate and \$1 million personal and advertising injury limits. Such insurance shall cover liability arising from premises, operations, independent contractors, products-completed operations, personal and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract).
- b) Umbrella Liability. The coverage available to the City, as Additional Insured, shall not be less than \$2 million each occurrence, \$2 million general aggregate. Such insurance shall cover liability arising from premises, operations, independent contractors, products-completed operations, personal and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract).
- c) Automobile Coverage. The coverage available to the City, as Additional Insured, shall include comprehensive automobile bodily injury and property damage liability coverage for a minimum amount of \$1 million each occurrence, \$2 million general aggregate
- d) Workers Compensation. Vendor shall maintain during the life of this contract statutory workmen's compensation and employer's liability insurance for all his employees engaged in work on the job site.
- e) Insurance Certificates. Each Certificate of insurance shall provide that the insurer must give the City at least thirty (30) days' prior written notice of cancellation and termination of the City's coverage thereunder. Not less than two weeks prior to the expiration, cancellation or termination of any such policy, Vendor shall supply the City with a new and replacement Certificate of Insurance and Additional Insured endorsement as proof of renewal of said original policy. Said new and replacement endorsements shall be similarly endorsed in favor of the City as set forth above. All subcontractors to be utilized by Vendor shall provide Ownership with a Certificate of Insurance naming City of Rockford as additional insured prior to commencement of work by said subcontractor.

**31. Conflict of Interest.** Each proposer affirms, by submission of a response to this bid or request for proposals, it has no interest and will not acquire any interest in any enterprise, project, or contract that would conflict in any manner of degree with the performance of the work, services,

or goods to be provided hereunder. Proposer further affirms that no person having such an interest will be employed to perform any work or services under the contract, and that no employee of the City of Rockford is directly or indirectly interested in the bid or proposal for any reason of personal gain.

**32. Non-Waiver.** The failure by the City to require performance of any provision shall not affect the City's right to require performance at any time thereafter, nor shall a waiver of any breach or default of this contract constitute a waiver of any subsequent breach or default or a waiver of the provision itself.

**33. Professional Services Selection Act.** The City of Rockford intends to comply with 50 ILCS 510/0.01 *et seq.* governing the selection of professional services. Any reference in these terms and conditions to supplying pricing or price as a determining factor in selection do not apply for services covered by said act.

**34. Compliance with Stormwater Management Ordinance and IEPA General Construction Permit.** Vendor must comply with the City's Stormwater Management Ordinance and Illinois EPA's General Construction Permit. For work performed on the stormwater system, including projects only requiring erosion and sediment control measures, acknowledgement of receipt of the Stormwater Management Ordinance and IEPA's General Construction Permit is required. It is also required that Vendor retain all invoices, work orders and/or other records of work performed in drainage areas for three (3) years beyond the end of the consent decree, 12/31/2023. These records are subject to audit and are to be made available immediately upon request by the City or the Federal and State Environmental Protection Agency (EPA). Additionally, there may be other records provided that Vendor will be required to keep on file upon request of the City. Violation of this section and with the City's Stormwater Management Ordinance may result in a fine. Additional information can be found at: <https://rockfordil.gov/274/stormwater-environmental-team/>

**35. Acceptance or Rejection of Bids and Proposals.** The City of Rockford reserves the right to accept or reject any and all proposals and to waive technicalities in submitted bids or proposals.

**36. Minority and Women Business Enterprise Policy.** It is the policy of the City of Rockford to strongly encourage and promote the award of subcontracts to ready, willing, and able Minority and Women Business Enterprises (MWBEs) certified with the City. The City strongly encourages proposers, when preparing proposals, to contact certified MWBEs regarding potential subcontracting opportunities. The City requires information regarding Vendor's good faith efforts to identify MWBE subcontractors on the Subcontractor Utilization Form required to be completed and submitted with Vendor's proposal. An up-to-date list of the City's certified MWBEs can be found at <https://rockfordil.gov/279/purchasing/>.

**37. Veterans Preference.** Vendor shall comply with the Veterans Preference Act (330 ILCS 55/1 *et seq.*) in its employment to fill positions for the construction, addition to, or alteration of public works contracted for by the City. This Act requires that preference shall be given to veterans who possess the business capacity necessary for the proper discharge of the duties of employment. Vendor is not required to give preference to veterans who are not residents of the City of Rockford over City residents who are not veterans. A person who has been a member of the Illinois National Guard shall be given priority over a person who has been a member of the National Guard of any other state.

Veterans under the Act are defined as persons who have been members of the armed forces of the United States or who, while citizens of the United States, were members of the armed forces of allies of the United States in time of hostilities with a foreign country, and have served under one or more of the following conditions:

- a) The veteran served a total of at least six (6) months;
- b) The veteran served for the duration of hostilities regardless of the length of engagement;
- c) The veteran served in the theater of operations but was discharged on the basis of a hardship; or
- d) The veteran was released from active duty because of a service connected disability and was honorably discharged.

Vendor shall insure that the preceding provision is inserted in all subcontracts entered into to furnish labor for the construction, addition to, or alteration of public works in connection with this contract.

**38. Non-barred Bidder.** Vendors affirms, by submission of a response to this invitation to bid or request for proposals, that Vendor is not barred from bidding on this contract as a result of a conviction for violation of state law prohibiting bid rigging or rotating.

**39. City Debarment.** The City of Rockford reserves the right to bar Vendor from future bidding opportunities with the City if false information is submitted as part Vendor's bid response or proposal, Vendor has committed any violation of law, or Vendor fails to comply with the terms and conditions of this contract.

**40. Non-Assignment.** Neither this Contract nor any of the rights, interests or obligations under the Agreement shall be assigned, in whole or in part, by written agreement, merger, consolidation, operation of law, or otherwise by either party without the prior written consent of the other party.

**41. Governing Law.** This Contract shall be governed by and construed and enforced in accordance with the laws of the State of Illinois, excluding its choice of law rules and, to the extent applicable, the copyright laws of the United States of America. In the event of a dispute under this Contract, the parties agree to submit to the exclusive jurisdiction of the state courts of, and federal courts sitting in, the State of Illinois.

**42. Severability.** In the event that any clause, provision, or portion of these General Conditions or any part thereof shall be declared invalid, void, or unenforceable by any court having jurisdiction, such invalidity shall not affect the validity or enforceability of the remaining portions.

**43. Local Business Adjustment to Bid Award.** For Public Works or Construction contracts the use of local business adjustment (up to a maximum 5 percent of the contract price, but not more than \$20,000 whichever is less) may be authorized. To receive the local business adjustment the bidder must meet the qualifications of a local bidder (described below) and request the local business adjustment be implemented for that bid. The downward adjustment shall then be applied automatically to the local bidder's bid if doing so will cause the local bidder's bid to match the bid of a non-local bidder who would otherwise be the lowest qualified bidder. Any bidder requesting application of the local bidder adjustment shall acknowledge and agree to the potential of the reduction in their overall bid at the time of its bid submission. Should a bidder requesting the local business adjustment be declared the lowest bidder and thereafter decline to be awarded the project, that bidder shall be prohibited from requesting the application of a local business adjustment for a period of one year. In instances where more than one local bidder requests local business adjustment, the adjustment will be applied to the next lowest local bidder only, however, if the next lowest bidder did not request the adjustment, then the local bidder who did elect would get the adjustment and award.

A local bidder is an individual or entity that (1) has established a place of business within Winnebago, Boone, Ogle, or Stephenson County; (2) has paid a minimum of \$5,000 in sales tax in Winnebago County during the 12 months prior to bid submission; and (3) can demonstrate that at least 50% of its employees reside within Winnebago, Boone, Ogle, or Stephenson County.

A bidder that requests local business adjustment is certifying that they are in compliance with the above description. If the City determines the bidder is not in compliance the bidder may be barred from bidding for a period of up to three years.

**44. Sexual Harassment Policy Requirement.** Every party to a public contract and every eligible bidder shall have a written sexual harassment policy in accordance with the Equal Employment Opportunities; Affirmative Action (775 ILCS 5/2-105). The written policy must include, at a minimum, the following information: (i) the illegality of sexual harassment; (ii) the definition of sexual harassment under State law; (iii) a description of sexual harassment, utilizing examples; (iv) the vendor's internal complaint process including penalties; (v) the legal recourse, investigative, and complaint process available through the Department and the Commission; (vi) directions on how to contact the Department and Commission; and (vii) protection against retaliation as provided by Sections 6-101 and 6-101.5 of the Act.

# **Section 2**

## **Required Forms**



**City of Rockford**  
**EQUAL EMPLOYMENT OPPORTUNITY CERTIFICATION**

All bidders seeking to do business with the City of Rockford must complete this certification. **Failure to sign this Certification will result in disqualification of Vendor's bid or proposal.** Questions regarding EEOs should be addressed to City of Rockford Equal Opportunity Compliance (EOC) Officer, at (779) 348-7264.

1. **Compliance with EEO Law.** Vendor acknowledges and certifies that, if awarded a contract with the City of Rockford, it is subject to and will comply with all applicable equal employment opportunity statutes, regulations, and ordinances including but not limited to: the City's Equal Opportunity Employment (EOE) Ordinance (City of Rockford Code of Ordinances, Chapter 11, Article IV); the Illinois Human Rights Act (775 ILCS 5/101 *et seq.*), the Illinois Department of Human Rights Rules and Regulations for Government Contracts (44 Ill. Admin. Code, Chapter X, Section 750), and the Discrimination in Public Contracts Act (775 ILCS 10/0.01 *et seq.*), Title VII of the Civil Rights Act of 1964, as amended (§ 7, 42 U.S.C. § 2000e *et seq.*); the Age Discrimination in Employment Act of 1967, as amended (29 USC §.621 *et seq.*); Title I of the Americans with Disabilities Act of 1990, as amended (42 USC 12111-12117); the Equal Pay Act of 1963, as amended; the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended (38 USC §§ 4301-4335); and, for federally-funded construction contracts (only), Executive Order 11246, as amended, and relevant U.S. Department of Labor regulations regarding equal employment opportunity for federally assisted construction contracts (see 41 CFR Part 60).
2. **Discrimination Prohibited.** Vendor certifies that it is its policy to provide equal employment opportunity and that it prohibits discrimination against any employee or applicant for employment due to race, color religion, sex, sexual orientation, gender identity, marital status, order of protection status, status as a survivor of domestic violence or human trafficking, national origin or ancestry, citizenship status, age, physical or mental disability unrelated to ability, military status, or unfavorable discharge from military service. Further, Vendor will examine all job classifications to determine if minority persons or women are underutilized and will take appropriate affirmative action to rectify any underutilization, as is required by the Illinois Department of Human Rights Rules and Regulations for Government Contracts.
3. **Non-Segregated Facilities.** Vendor certifies that it provides facilities at its place of business without segregation except where separate facilities for a person of the opposite sex are required. Vendor also certifies that it will, to the greatest extent possible, not assign employees to work at any location where facilities are so segregated and that it will insert into its subcontracts the provisions of this paragraph for work performed under this contract and obtain the same certification from subcontractors.
4. **Government Exclusion, Debarment, or Suspension.** Vendor certifies that it is not subject to any exclusion, debarment, suspension, or other disciplinary action by any government agency including but not limited to the U.S. Government, State of Illinois, Illinois Human Rights Commission, Illinois Department of Labor, or any other federal or state agency or political subdivision. Additionally, if at any time Vendor is subject to such exclusion, suspension, or debarment during the contract period, Vendor certifies that it will immediately disclose this information to the City's EOC Officer.

**City of Rockford**  
**EQUAL EMPLOYMENT OPPORTUNITY CERTIFICATION**

5. **Subcontracting.** Vendor certifies that, if awarded a public contract with the City of Rockford, it will include verbatim or by reference the provisions of the City's General Conditions *Equal Employment Opportunity* paragraph 19 in every subcontract awarded under which any portion of the contract obligations are undertaken or assumed. For federally funded construction contracts, the conditions described in paragraph (8) of the "Equal Opportunity Clause for Federally Assisted Construction Contracts" and paragraph (2) of the "Standard Federal Equal Employment Opportunity Construction Contract Specifications" must also be included in every subcontract. Vendor acknowledges that it is responsible for the compliance of all of its subcontractors with this provision. Vendor also certifies it will not utilize any subcontractor excluded, debarred, suspended, or otherwise disciplined by any government agency including but not limited to the U.S. Government, State of Illinois, Illinois Human Rights Commission, Illinois Department of Labor, or any other federal or state agency or political subdivision, and that it will notify the City's EOC Officer if any subcontractor fails to comply with such provision.
6. **MWBE Procurement Policy.** Vendor understands that it is the policy of the City of Rockford to encourage and promote the award of subcontracts to ready, willing, and able Minority and Women Business Enterprises (MWBEs) certified with the City. The City strongly encourages bidders, when preparing bids or proposals, to contact certified MWBEs regarding potential subcontracting opportunities. Vendor certifies that it has worked in good faith to comply with this policy by contacting MWBE businesses for subcontracting opportunities when possible (list can be found at <https://rockfordil.gov/279/purchasing/>). For federally funded construction projects (only), Vendor further certifies it has demonstrated good faith efforts to meet the women and minority subcontracting goals set forth in the "Notice of Requirement for Affirmative Action to Ensure Equal Employment Opportunity."

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Signature of Vendor

Date

**City of Rockford**  
**SUBCONTRACTOR UTILIZATION FORM**

**THIS FORM MUST BE COMPLETED EVEN IF YOU DO NOT PLAN TO USE  
SUBCONTRACTORS**  
(COMPLETE SECTIONS I, II, AND V IF YOU DO NOT PLAN TO USE SUBCONTRACTORS).

All Vendors seeking to do business with the City of Rockford must provide information about all subcontractors that will be used. **A Subcontractor is any person or business that supplies any of the work, transportation or labor services, supplies, equipment, or materials under a contract with Vendor.** Failure to complete this form will result in disqualification of Vendor's bid or proposal. Questions regarding EEOs should be addressed to City of Rockford Equal Opportunity Compliance (EOC) Officer, at (779) 348-7264.

**Section I—Vendor/Prime Contractor Information**

Is this an update to a previously submitted Subcontractor Utilization Form?                      Yes                      No

Vendor Name:			
Project Name:		Bid or RFP Number:	
Total Proposal/Bid Amount (over the full term of the contract):			
Vendor Contact Name:		Contact Phone: Contact Email:	
Vendor Certification Status:                      Minority Business Enterprise                      Women Business Enterprise                      None			

**Section II--Subcontractor Utilization**

Will subcontractors be used?                      Yes (complete rest of form)                      No (proceed to Section V)

**Section III—Subcontractor Selection**

Please list information for ALL subcontractors Vendor *believes it will* use. Vendor may make changes or additions to its list of subcontractors by submitting an updated form to the City's EOC Officer after award, if needed.

Subcontractor Name	MBE or WBE? (Y/N)	Amount	% of Total Proposal/Bid	Scope of Work

If more than six subcontractors will be used, please complete the [Subcontractor Utilization Form--Supplement](#).

**City of Rockford**  
**SUBCONTRACTOR UTILIZATION FORM**

If Vendor plans to use subcontractors, but has not yet identified some or all of the subcontractors to be used, please explain why:

--

**Section IV—MWBE Subcontractors Contacted**

It is the policy of the City of Rockford to encourage and promote the award of subcontracts to qualified and available Minority and Women Business Enterprises (MWBEs) certified with the City. The City strongly encourages bidders, when preparing bids or proposals, to contact certified MWBEs regarding potential subcontracting opportunities (a list of MWBEs can be found at <https://rockfordil.gov/279/purchasing/>). Please list the MWBEs Vendor has contacted regarding subcontractor opportunities for this proposal/bid (MWBE subcontractors selected and listed in Section III do not need to be listed again here):

MWBE Business Name	Method of Contact (e.g. phone, email)	Why not used?

**Section V—Signature**

The undersigned certifies that the information provided herein is truthful, accurate, and complete. Further, Vendor acknowledges that if it is awarded the contract, this information must be kept up to date by Vendor. According to the City's General Conditions Paragraph 16, **any changes in subcontractor utilization must be immediately made in writing** by submitting a new form to the City's Equal Opportunity Compliance Officer (contact information provided at the top of this form). A complete and accurate list of subcontractors will be required prior to beginning work on the project, if awarded.

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**Signature**

**Date**

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**Name**

**Title**

**City of Rockford**  
**VENDOR WORKFORCE DATA FORM**

The City must collect information in an effort to monitor Vendor's compliance with the Illinois Human Rights Act, Illinois Department of Human Rights Rules and Regulations, and City of Rockford Equal Employment Opportunity Ordinance. **Failure to complete this form will result in disqualification of Vendor's bid or proposal.** Questions regarding EEOs should be addressed to City of Rockford Equal Opportunity Compliance (EOC) Officer, at (779) 348-7264.

**Part I: Vendor Information**

Vendor Name:	Bid or RFP Number:
Project Name:	IDHR Number <sup>1</sup> :
	Expiration:
Date:	Estimated Duration of Work:
Vendor's EEO Contact Name:	Contact Email:
Title:	Contact Phone:

**Part II: Vendor Workforce Data**

Please provide the *number* of individuals employed by Vendor in each category below (report all employees, not just those who will work under the contract). Definitions of the EEO Job Categories are included with this form.

**W - White    B - Black    H – Hispanic/Latino    A - Asian    AI - American Indian, Alaskan or Hawaiian Native**  
**Tw—Two or more race/ethnicity    T – Total**

JOB CATEGORY	MALE							FEMALE							TOTAL
	W	B	H	A	AI	Tw	T	W	B	H	A	AI	Tw	T	
Officials and Managers															
Professional Workers															
Technicians															
Sales Workers															
Administrative Support Workers															
Craft Workers															
Operatives															
Laborers and Helpers															
Service Workers															
<b>TOTAL</b>															

<sup>1</sup> Bidders must have an Illinois Department of Human Rights Eligibility Number if 1) bidder employs 15 or more persons, AND 2) if the bid or proposal will total more than \$100,000.

**City of Rockford**  
**SUBCONTRACTOR WORKFORCE DATA FORM**

This form is ***required*** if Vendor will be using one or more subcontractors to complete work or perform services for the City. A Workforce Data Form must be completed for ***each*** subcontractor. Questions regarding EEOs should be addressed to City of Rockford Equal Opportunity Compliance (EOC) Officer, at (779) 348-7264.

**Part I: Identification**

Subcontractor Name:	Bid Number:
Project Name:	IDHR Number: Expiration:
Date:	Estimated Duration of Work:
Subcontractor's EEO Contact Name:	Contact Email: Contact Phone:

**Part II: Subcontractor Workforce Data**

Please provide the *number* of individuals employed by subcontractor in each category below (report all employees, not just those who will work under the contract). Definitions of the EEO Job Categories are included on the next page of this form.

**W - White   B - Black   H – Hispanic/Latino   A - Asian   AI - American Indian, Alaskan or Hawaiian Native**  
**Tw—Two or more race/ethnicity   T – Total**

JOB CATEGORY	MALE							FEMALE							TOTAL
	W	B	H	A	AI	Tw	T	W	B	H	A	AI	Tw	T	
Officials and Managers															
Professional Workers															
Technicians															
Sales Workers															
Administrative Support Workers															
Craft Workers															
Operatives															
Laborers and Helpers															
Service Workers															
<b>TOTAL</b>															

## Job Category Descriptions

**Officials and Managers:** Jobs occupied by administrative and managerial personnel who set broad policies, exercise overall responsibility for execution of these policies, and direct individual departments or special phases of a firm's operations. Includes: officials, executives, middle management, plant managers, department managers, superintendents, salaried supervisors who are members of management, and purchasing agents and buyers.

**Professionals:** Jobs requiring bachelor or graduate degree and/or professional certification or comparable experience. Includes: accountants and auditors, architects, chemists, computer programmers, designers, editors, engineers, lawyers, scientists, registered professional nurses, personnel and labor relations specialists, physicians, and surveyors.

**Technicians:** Jobs requiring a combination of basic scientific knowledge and manual skill which is often obtained through 2 years of post-high school education or through equivalent on-the-job training. Includes: drafters, surveying and mapping technicians, engineering aides, junior engineers, mathematical aides, emergency medical technicians, and licensed practical nurses.

**Sales Workers:** Jobs engaging wholly or primarily in direct selling. Includes: advertising agents and sales workers, insurance agents and brokers, real estate agents and brokers, stock and bond sales workers, securities, commodities, and financial services sales agents, demonstrators, sales workers and sales clerks, grocery clerks, and cashiers/checkers.

**Administrative Support Workers:** Jobs involving non-managerial tasks providing administrative and support assistance, primarily in office settings. Includes: office support, bookkeepers, accounting and auditing clerks, dispatchers, data entry workers, collectors (bills and accounts), messengers and office helpers, shipping and receiving clerks, typists and secretaries, telephone operators, and legal assistants.

**Craft Workers:** Jobs requiring higher skill in areas including: construction (building trades craft workers and their formal apprentices); natural resource extraction workers; installation, maintenance and part replacement of equipment, machines and tools; and some production occupations that are distinguished by the high degree of skill and precision. Includes: boilermakers; brick & stone masons; carpenters; electricians; painters; glaziers; plumbers, pipefitters & steam fitters; roofers; elevator installers; earth drillers; oil & gas rotary drill operators; blasters & explosive workers; mechanics; electric & electronic equipment repairers; millwrights; and tool & die makers.

**Operatives:** Jobs involving operation of machines, factory-related processing equipment, or equipment to facilitate the movement of people or materials. These occupations require intermediate skill level and usually do not require more than several months of training. Includes: machine operators; electrical & electronic equipment assemblers; semiconductor processors; testers; graders & sorters; bridge & lock tenders; truck, bus or taxi drivers; industrial truck & tractor (forklift) operators; conveyor operations; and hand packers & packagers.

**Laborers and Helpers:** Jobs requiring limited skills and brief training to perform tasks that require little or no independent judgment. Includes: production & construction worker helpers; construction laborers; refuse & recyclable materials collectors; landscapers, grounds maintenance workers, and laborers performing lifting, digging, mixing, loading and pulling operations.

**Service Workers:** Jobs in food service, personal service, cleaning service, and protective service occupations. Skill may be acquired through formal training, job-related training or direct experience. Includes: food service workers; medical assistants and other healthcare support occupations; transportation attendants; cleaners; janitors; porters; transit and railroad; police and fire fighters; guards; private detectives and investigators.

**Acknowledgement of Stormwater Management Ordinance and IEPA General Construction Permit  
(ILR10) Requirements**

By indicating below, we acknowledge receipt of the Stormwater Management Ordinance and IEPA's General Construction Permit, if applicable. Both documents can be found on the City of Rockford website at:

<https://rockfordil.gov/274/stormwater-environmental-team/>

The IEPA General Construction permit can also be located at:

<https://www2.illinois.gov/epa/topics/forms/water-permits/storm-water/Pages/general-permits.aspx>

I have been provided access to the City of Rockford Stormwater Management Ordinance and the Illinois EPAs General Construction Permit and agree to comply with the terms outlined therein.

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Person, Firm or Corporation

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Authorized Signature



## Acknowledgement of Addenda

By indicating below, we acknowledge receipt of the addenda listed.

Addendum _____	Date _____
Addendum _____	Date _____
Addendum _____	Date _____
Addendum _____	Date _____
Addendum _____	Date _____

---

Person, Firm or Corporation

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Authorized Signature

The City of Rockford may respond to requests for information or pro-actively provide more information by posting addenda to bid packages on the City website. The City and its personnel are not responsible for notifying potential vendors of any addenda to bid packages posted to the [City's website](#). The City may, but is not required to, provide notification of new addenda via one or more of the same methods by which the original bid request was posted. Vendors who fail to account for information or requests included in these addenda may have their bids disqualified. THEREFORE, IT IS EXTREMELY IMPORTANT THAT POTENTIAL VENDORS MONITOR THE [CITY WEBSITE](#) FOR ANY ADDENDA TO THE ORIGINAL BID PACKAGES.

**Request for Taxpayer  
Identification Number and Certification**

Go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9) for instructions and the latest information.

**Give form to the  
requester. Do not  
send to the IRS.**

**Before you begin.** For guidance related to the purpose of Form W-9, see *Purpose of Form*, below.

Print or type. See Specific Instructions on page 3.	<b>1</b> Name of entity/individual. An entry is required. (For a sole proprietor or disregarded entity, enter the owner's name on line 1, and enter the business/disregarded entity's name on line 2.)	
	<b>2</b> Business name/disregarded entity name, if different from above.	
	<b>3a</b> Check the appropriate box for federal tax classification of the entity/individual whose name is entered on line 1. Check only <b>one</b> of the following seven boxes.  <input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> C corporation <input type="checkbox"/> S corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> LLC. Enter the tax classification (C = C corporation, S = S corporation, P = Partnership) _____ <b>Note:</b> Check the "LLC" box above and, in the entry space, enter the appropriate code (C, S, or P) for the tax classification of the LLC, unless it is a disregarded entity. A disregarded entity should instead check the appropriate box for the tax classification of its owner. <input type="checkbox"/> Other (see instructions) _____	<b>4</b> Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):  Exempt payee code (if any) _____  Exemption from Foreign Account Tax Compliance Act (FATCA) reporting code (if any) _____  (Applies to accounts maintained outside the United States.)
	<b>3b</b> If on line 3a you checked "Partnership" or "Trust/estate," or checked "LLC" and entered "P" as its tax classification, and you are providing this form to a partnership, trust, or estate in which you have an ownership interest, check this box if you have any foreign partners, owners, or beneficiaries. See instructions _____ <input type="checkbox"/>	
	<b>5</b> Address (number, street, and apt. or suite no.). See instructions.	Requester's name and address (optional)
<b>6</b> City, state, and ZIP code		
<b>7</b> List account number(s) here (optional)		

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

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

**Note:** If the account is in more than one name, see the instructions for line 1. See also *What Name and Number To Give the Requester* for guidelines on whose number to enter.

<b>Social security number</b>	
<input type="text"/>	<input type="text"/> - <input type="text"/> - <input type="text"/>
<b>or</b>	
<b>Employer identification number</b>	
<input type="text"/>	<input type="text"/> - <input type="text"/>

**Part II Certification**

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

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

<b>Sign Here</b>	Signature of U.S. person	Date
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**General Instructions**

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

**Future developments.** For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9).

**What's New**

Line 3a has been modified to clarify how a disregarded entity completes this line. An LLC that is a disregarded entity should check the appropriate box for the tax classification of its owner. Otherwise, it should check the "LLC" box and enter its appropriate tax classification.

New line 3b has been added to this form. A flow-through entity is required to complete this line to indicate that it has direct or indirect foreign partners, owners, or beneficiaries when it provides the Form W-9 to another flow-through entity in which it has an ownership interest. This change is intended to provide a flow-through entity with information regarding the status of its indirect foreign partners, owners, or beneficiaries, so that it can satisfy any applicable reporting requirements. For example, a partnership that has any indirect foreign partners may be required to complete Schedules K-2 and K-3. See the Partnership Instructions for Schedules K-2 and K-3 (Form 1065).

**Purpose of Form**

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS is giving you this form because they

must obtain your correct taxpayer identification number (TIN), which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid).
- Form 1099-DIV (dividends, including those from stocks or mutual funds).
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds).
- Form 1099-NEC (nonemployee compensation).
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers).
- Form 1099-S (proceeds from real estate transactions).
- Form 1099-K (merchant card and third-party network transactions).
- Form 1098 (home mortgage interest), 1098-E (student loan interest), and 1098-T (tuition).
- Form 1099-C (canceled debt).
- Form 1099-A (acquisition or abandonment of secured property).

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

**Caution:** If you don't return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See *What is backup withholding*, later.

**By signing the filled-out form**, you:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued);
2. Certify that you are not subject to backup withholding; or
3. Claim exemption from backup withholding if you are a U.S. exempt payee; and
4. Certify to your non-foreign status for purposes of withholding under chapter 3 or 4 of the Code (if applicable); and
5. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting is correct. See *What Is FATCA Reporting*, later, for further information.

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

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

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

**Establishing U.S. status for purposes of chapter 3 and chapter 4 withholding.** Payments made to foreign persons, including certain distributions, allocations of income, or transfers of sales proceeds, may be subject to withholding under chapter 3 or chapter 4 of the Code (sections 1441–1474). Under those rules, if a Form W-9 or other certification of non-foreign status has not been received, a withholding agent, transferee, or partnership (payor) generally applies presumption rules that may require the payor to withhold applicable tax from the recipient, owner, transferor, or partner (payee). See Pub. 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*.

The following persons must provide Form W-9 to the payor for purposes of establishing its non-foreign status.

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the disregarded entity.
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the grantor trust.
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust and not the beneficiaries of the trust.

See Pub. 515 for more information on providing a Form W-9 or a certification of non-foreign status to avoid withholding.

**Foreign person.** If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person (under Regulations section 1.1441-1(b)(2)(iv) or other applicable section for chapter 3 or 4 purposes), do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Pub. 515). If you are a qualified foreign pension fund under Regulations section 1.897(l)-1(d), or a partnership that is wholly owned by qualified foreign pension funds, that is treated as a non-foreign person for purposes of section 1445 withholding, do not use Form W-9. Instead, use Form W-8EXP (or other certification of non-foreign status).

**Nonresident alien who becomes a resident alien.** Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a saving clause. Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items.

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

**Example.** Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if their stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first Protocol) and is relying on this exception to claim an exemption from tax on their scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

## Backup Withholding

**What is backup withholding?** Persons making certain payments to you must under certain conditions withhold and pay to the IRS 24% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include, but are not limited to, interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third-party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

**Payments you receive will be subject to backup withholding if:**

1. You do not furnish your TIN to the requester;
2. You do not certify your TIN when required (see the instructions for Part II for details);
3. The IRS tells the requester that you furnished an incorrect TIN;
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only); or
5. You do not certify to the requester that you are not subject to backup withholding, as described in item 4 under "*By signing the filled-out form*" above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See *Exempt payee code*, later, and the separate Instructions for the Requester of Form W-9 for more information.

See also *Establishing U.S. status for purposes of chapter 3 and chapter 4 withholding*, earlier.

## What Is FATCA Reporting?

The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all U.S. account holders that are specified U.S. persons. Certain payees are exempt from FATCA reporting. See *Exemption from FATCA reporting code*, later, and the Instructions for the Requester of Form W-9 for more information.

## Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you are no longer tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account, for example, if the grantor of a grantor trust dies.

## Penalties

**Failure to furnish TIN.** If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

**Civil penalty for false information with respect to withholding.** If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

**Criminal penalty for falsifying information.** Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

**Misuse of TINs.** If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

## Specific Instructions

### Line 1

You must enter one of the following on this line; **do not** leave this line blank. The name should match the name on your tax return.

If this Form W-9 is for a joint account (other than an account maintained by a foreign financial institution (FFI)), list first, and then circle, the name of the person or entity whose number you entered in Part I of Form W-9. If you are providing Form W-9 to an FFI to document a joint account, each holder of the account that is a U.S. person must provide a Form W-9.

• **Individual.** Generally, enter the name shown on your tax return. If you have changed your last name without informing the Social Security Administration (SSA) of the name change, enter your first name, the last name as shown on your social security card, and your new last name.

**Note for ITIN applicant:** Enter your individual name as it was entered on your Form W-7 application, line 1a. This should also be the same as the name you entered on the Form 1040 you filed with your application.

• **Sole proprietor.** Enter your individual name as shown on your Form 1040 on line 1. Enter your business, trade, or "doing business as" (DBA) name on line 2.

• **Partnership, C corporation, S corporation, or LLC, other than a disregarded entity.** Enter the entity's name as shown on the entity's tax return on line 1 and any business, trade, or DBA name on line 2.

• **Other entities.** Enter your name as shown on required U.S. federal tax documents on line 1. This name should match the name shown on the charter or other legal document creating the entity. Enter any business, trade, or DBA name on line 2.

• **Disregarded entity.** In general, a business entity that has a single owner, including an LLC, and is not a corporation, is disregarded as an entity separate from its owner (a disregarded entity). See Regulations section 301.7701-2(c)(2). A disregarded entity should check the appropriate box for the tax classification of its owner. Enter the owner's name on line 1. The name of the owner entered on line 1 should never be a disregarded entity. The name on line 1 should be the name shown on the income tax return on which the income should be reported. For

example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on line 1. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on line 2. If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

### Line 2

If you have a business name, trade name, DBA name, or disregarded entity name, enter it on line 2.

### Line 3a

Check the appropriate box on line 3a for the U.S. federal tax classification of the person whose name is entered on line 1. Check only one box on line 3a.

IF the entity/individual on line 1 is a(n) . . .	THEN check the box for . . .
• Corporation	Corporation.
• Individual or	Individual/sole proprietor.
• Sole proprietorship	
• LLC classified as a partnership for U.S. federal tax purposes or	Limited liability company and enter the appropriate tax classification:
• LLC that has filed Form 8832 or 2553 electing to be taxed as a corporation	P = Partnership, C = C corporation, or S = S corporation.
• Partnership	Partnership.
• Trust/estate	Trust/estate.

### Line 3b

Check this box if you are a partnership (including an LLC classified as a partnership for U.S. federal tax purposes), trust, or estate that has any foreign partners, owners, or beneficiaries, and you are providing this form to a partnership, trust, or estate, in which you have an ownership interest. You must check the box on line 3b if you receive a Form W-8 (or documentary evidence) from any partner, owner, or beneficiary establishing foreign status or if you receive a Form W-9 from any partner, owner, or beneficiary that has checked the box on line 3b.

**Note:** A partnership that provides a Form W-9 and checks box 3b may be required to complete Schedules K-2 and K-3 (Form 1065). For more information, see the Partnership Instructions for Schedules K-2 and K-3 (Form 1065).

If you are required to complete line 3b but fail to do so, you may not receive the information necessary to file a correct information return with the IRS or furnish a correct payee statement to your partners or beneficiaries. See, for example, sections 6698, 6722, and 6724 for penalties that may apply.

### Line 4 Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the appropriate space on line 4 any code(s) that may apply to you.

#### Exempt payee code.

- Generally, individuals (including sole proprietors) are not exempt from backup withholding.
- Except as provided below, corporations are exempt from backup withholding for certain payments, including interest and dividends.
- Corporations are not exempt from backup withholding for payments made in settlement of payment card or third-party network transactions.
- Corporations are not exempt from backup withholding with respect to attorneys' fees or gross proceeds paid to attorneys, and corporations that provide medical or health care services are not exempt with respect to payments reportable on Form 1099-MISC.

The following codes identify payees that are exempt from backup withholding. Enter the appropriate code in the space on line 4.

1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2).

- 2—The United States or any of its agencies or instrumentalities.
- 3—A state, the District of Columbia, a U.S. commonwealth or territory, or any of their political subdivisions or instrumentalities.
- 4—A foreign government or any of its political subdivisions, agencies, or instrumentalities.
- 5—A corporation.
- 6—A dealer in securities or commodities required to register in the United States, the District of Columbia, or a U.S. commonwealth or territory.
- 7—A futures commission merchant registered with the Commodity Futures Trading Commission.
- 8—A real estate investment trust.
- 9—An entity registered at all times during the tax year under the Investment Company Act of 1940.
- 10—A common trust fund operated by a bank under section 584(a).
- 11—A financial institution as defined under section 581.
- 12—A middleman known in the investment community as a nominee or custodian.
- 13—A trust exempt from tax under section 664 or described in section 4947.

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

IF the payment is for . . .	THEN the payment is exempt for . . .
• Interest and dividend payments	All exempt payees except for 7.
• Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.
• Barter exchange transactions and patronage dividends	Exempt payees 1 through 4.
• Payments over \$600 required to be reported and direct sales over \$5,000 <sup>1</sup>	Generally, exempt payees 1 through 5. <sup>2</sup>
• Payments made in settlement of payment card or third-party network transactions	Exempt payees 1 through 4.

<sup>1</sup> See Form 1099-MISC, Miscellaneous Information, and its instructions.

<sup>2</sup> However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney reportable under section 6045(f), and payments for services paid by a federal executive agency.

**Exemption from FATCA reporting code.** The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements. A requester may indicate that a code is not required by providing you with a Form W-9 with "Not Applicable" (or any similar indication) entered on the line for a FATCA exemption code.

A—An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37).

B—The United States or any of its agencies or instrumentalities.

C—A state, the District of Columbia, a U.S. commonwealth or territory, or any of their political subdivisions or instrumentalities.

D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Regulations section 1.1472-1(c)(1)(i).

E—A corporation that is a member of the same expanded affiliated group as a corporation described in Regulations section 1.1472-1(c)(1)(i).

F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state.

G—A real estate investment trust.

H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940.

I—A common trust fund as defined in section 584(a).

J—A bank as defined in section 581.

K—A broker.

L—A trust exempt from tax under section 664 or described in section 4947(a)(1).

M—A tax-exempt trust under a section 403(b) plan or section 457(g) plan.

**Note:** You may wish to consult with the financial institution requesting this form to determine whether the FATCA code and/or exempt payee code should be completed.

## Line 5

Enter your address (number, street, and apartment or suite number). This is where the requester of this Form W-9 will mail your information returns. If this address differs from the one the requester already has on file, enter "NEW" at the top. If a new address is provided, there is still a chance the old address will be used until the payor changes your address in their records.

## Line 6

Enter your city, state, and ZIP code.

## Part I. Taxpayer Identification Number (TIN)

**Enter your TIN in the appropriate box.** If you are a resident alien and you do not have, and are not eligible to get, an SSN, your TIN is your IRS ITIN. Enter it in the entry space for the Social security number. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN.

If you are a single-member LLC that is disregarded as an entity separate from its owner, enter the owner's SSN (or EIN, if the owner has one). If the LLC is classified as a corporation or partnership, enter the entity's EIN.

**Note:** See *What Name and Number To Give the Requester*, later, for further clarification of name and TIN combinations.

**How to get a TIN.** If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local SSA office or get this form online at [www.SSA.gov](http://www.SSA.gov). You may also get this form by calling 800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at [www.irs.gov/EIN](http://www.irs.gov/EIN). Go to [www.irs.gov/Forms](http://www.irs.gov/Forms) to view, download, or print Form W-7 and/or Form SS-4. Or, you can go to [www.irs.gov/OrderForms](http://www.irs.gov/OrderForms) to place an order and have Form W-7 and/or Form SS-4 mailed to you within 15 business days.

If you are asked to complete Form W-9 but do not have a TIN, apply for a TIN and enter "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, you will generally have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

**Note:** Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon. See also *Establishing U.S. status for purposes of chapter 3 and chapter 4 withholding*, earlier, for when you may instead be subject to withholding under chapter 3 or 4 of the Code.

**Caution:** A disregarded U.S. entity that has a foreign owner must use the appropriate Form W-8.

## Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if item 1, 4, or 5 below indicates otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on line 1 must sign. Exempt payees, see *Exempt payee code*, earlier.

**Signature requirements.** Complete the certification as indicated in items 1 through 5 below.

**1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983.**

You must give your correct TIN, but you do not have to sign the certification.

**2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983.**

You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

**3. Real estate transactions.** You must sign the certification. You may cross out item 2 of the certification.

**4. Other payments.** You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments made in settlement of payment card and third-party network transactions, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

**5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), ABLE accounts (under section 529A), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions.** You must give your correct TIN, but you do not have to sign the certification.

## What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account) other than an account maintained by an FFI	The actual owner of the account or, if combined funds, the first individual on the account <sup>1</sup>
3. Two or more U.S. persons (joint account maintained by an FFI)	Each holder of the account
4. Custodial account of a minor (Uniform Gift to Minors Act)	The minor <sup>2</sup>
5. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee <sup>1</sup>
b. So-called trust account that is not a legal or valid trust under state law	The actual owner <sup>1</sup>
6. Sole proprietorship or disregarded entity owned by an individual	The owner <sup>3</sup>
7. Grantor trust filing under Optional Filing Method 1 (see Regulations section 1.671-4(b)(2)(i)(A))**	The grantor*

For this type of account:	Give name and EIN of:
8. Disregarded entity not owned by an individual	The owner
9. A valid trust, estate, or pension trust	Legal entity <sup>4</sup>
10. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
11. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
12. Partnership or multi-member LLC	The partnership
13. A broker or registered nominee	The broker or nominee
14. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
15. Grantor trust filing Form 1041 or under the Optional Filing Method 2, requiring Form 1099 (see Regulations section 1.671-4(b)(2)(i)(B))**	The trust

<sup>1</sup> List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

<sup>2</sup> Circle the minor's name and furnish the minor's SSN.

<sup>3</sup> You must show your individual name on line 1, and enter your business or DBA name, if any, on line 2. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

<sup>4</sup> List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

\* **Note:** The grantor must also provide a Form W-9 to the trustee of the trust.

\*\* For more information on optional filing methods for grantor trusts, see the Instructions for Form 1041.

**Note:** If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

## Secure Your Tax Records From Identity Theft

Identity theft occurs when someone uses your personal information, such as your name, SSN, or other identifying information, without your permission to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax return preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity, or a questionable credit report, contact the IRS Identity Theft Hotline at 800-908-4490 or submit Form 14039.

For more information, see Pub. 5027, Identity Theft Information for Taxpayers.

Victims of identity theft who are experiencing economic harm or a systemic problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 877-777-4778 or TTY/TDD 800-829-4059.

**Protect yourself from suspicious emails or phishing schemes.**

Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to [phishing@irs.gov](mailto:phishing@irs.gov). You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration (TIGTA) at 800-366-4484. You can forward suspicious emails to the Federal Trade Commission at [spam@uce.gov](mailto:spam@uce.gov) or report them at [www.ftc.gov/complaint](http://www.ftc.gov/complaint). You can contact the FTC at [www.ftc.gov/idtheft](http://www.ftc.gov/idtheft) or 877-IDTHEFT (877-438-4338). If you have been the victim of identity theft, see [www.IdentityTheft.gov](http://www.IdentityTheft.gov) and Pub. 5027.

Go to [www.irs.gov/IdentityTheft](http://www.irs.gov/IdentityTheft) to learn more about identity theft and how to reduce your risk.

## Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. commonwealths and territories for use in administering their laws. The information may also be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payors must generally withhold a percentage of taxable interest, dividends, and certain other payments to a payee who does not give a TIN to the payor. Certain penalties may also apply for providing false or fraudulent information.

# **Section 3**

## **Bid/RFP**

### **Specifications**



**ACTUARIAL SERVICES**  
**RFP NO.: 126-FIN-010**

**I. OVERVIEW**

The City of Rockford, Illinois (City) is seeking proposals to provide professional actuarial services related to its Police and Firefighters' Pension Funds pursuant to the requirements outlined in this Request for Proposals (RFP). The term of the agreement shall be May 1, 2026 through December 31, 2027, with the right to renew the agreement for three (3) additional one-year periods, subject to acceptable performance and at the sole discretion of the City.

It is the intent of the City to enter into an agreement with a qualified firm to provide professional actuarial services for the period identified. The selected firm will be required to provide actuarial services in accordance with applicable Actuarial Standards of Practice (ASOP) as promulgated by the Actuarial Standards Board (ASB) and all applicable Federal and State requirements.

**II. SCOPE OF WORK**

The City of Rockford ([www.rockfordil.gov](http://www.rockfordil.gov)) is a non-home rule municipality located in Winnebago County, Illinois. The City's Police and Firefighters' Pension Funds are organized pursuant to the Illinois Pension Code (Articles 3 and 4 of the Illinois Compiled Statutes, respectively). Information pertaining to the Pension Funds may be obtained by reviewing the City's Fiscal Year 2024 Annual Comprehensive Financial Report (ACFR) at:

[2024-ANNUAL-COMPREHENSIVE-FINANCIAL-REPORT](#)

2025 City of Rockford Firefighters' Pension Fund Funding Report and 2025 City of Rockford Police Pension Fund Funding Report are attached as an Appendix A and Appendix B.

Accounting for the Police and Firefighters' Pension Funds is performed by City staff, who typically provide all needed year-end information to the actuary.

The City is requesting proposals from certified/enrolled actuaries and/or actuarial consulting firms to provide a range of actuarial services to the City for its Police and Firefighters' Pension Funds. The specific services to be provided include, but may not necessarily be limited to:

- A. Preparing annual actuarial valuations to develop recommended funding amounts using various funding scenarios, applying applicable mortality tables and any legally mandated changes. Alternative assumption calculations may be requested and/or required.
- B. Attending meetings (in person or by teleconference) to educate City staff, City Council members and/or Pension Board members on actuarial studies, as needed.
- C. Providing an editable projection tool to assist in planning future municipal contribution requirements.
- D. Providing GASB statement disclosure information for the city's Annual Comprehensive Financial Report and supporting documentation as may be required by the City's auditors.

### III. PROPOSAL INQUIRIES

Questions regarding the terms of this RFP specification shall be directed to Kristin Boel, Financial Analyst, at [Kristin.Boel@RockfordIL.gov](mailto:Kristin.Boel@RockfordIL.gov). ***Questions shall be received, in writing, until January 21, 2026 at 5:00 pm; no questions may be submitted after this date. Questions will be answered via addendum no later than January 23, 2026. Any oral communications will be considered unofficial and non-binding.***

### IV. PROPOSAL SUBMISSION

One original and one digital copy of the entire proposal shall be submitted: the latter can be uploaded at the following link:

<https://rockfordil.sharefile.com/r-rd5094dc00d634ba29a26f880e3c06528>

*The digital copy must be the same as the printed copy.*

All proposal responses must be in the following format:

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

The cover letter should contain the name of the firm, address, and the contact information for individual(s) authorized to answer technical, price, and contract questions. Contact information should include telephone number, mailing address, and email address. The cover letter must be signed by a person or persons authorized to bind the proposer(s). The cover letter must indicate whether any exceptions to specifications have been taken and reference the location in the proposal where these exceptions are detailed.

#### B. **Table of Contents**

The contents of the proposal shall be included in an index at the beginning of the proposal and should include all contents and attachments.

#### C. **Firm and Staff Background**

- This section should include the size of the firm, the location of the office from which the proposed work would be performed, the number and nature of professional staff to be assigned on the engagement (both full-time and part-time).
- The firm should describe and provide a status of any disciplinary action taken or pending against the firm during the past five (5) years with state or federal regulatory bodies and/or professional organizations. The proposal should identify and describe any pending or previous litigation the firm was involved in over the past five (5) years.
- Provide information pertaining to the municipal actuarial experience of each person to be assigned and association with professional organizations relevant to this RFP.
- Describe the firms' approach to education, training and consultation available to clients during and between engagements, including any costs, and specifically addressing new GASB pronouncements and/or SASs.

#### D. **Proposed Scope of Service**

- Clearly and succinctly describe the scope of services to be provided pursuant to Section 2 of the RFP. **Any exceptions to the specifications outlined in the scope of work shall be listed and fully explained, and must be clearly marked "Exceptions to Specifications."**
- Respondents are to assume that unless specifically stated, services are to be provided consistent with best practices. Proposed fees shall include the implementation of all current and foreseeable Governmental Accounting Standards Board (GASB) pronouncements and Statement on Auditing Standards (SAS) that are applicable.

- Should third party vendors be necessary to provide any of the requested services, the detailed involvement of those parties and delineation of responsibilities should be explained in the appropriate sections.

**E. *Proposed Schedule of Implementation***

Describe the typical engagement process and schedule, noting any specific requirements of the City. Indicate how your firm ensures a smooth transition from the previous actuary, if applicable.

**F. *References***

Provide a list of client references of similar engagements. Provide no fewer than five (5) references. Provide a contact person, telephone number, and email address for each customer reference.

**G. *Cost Proposal***

Respondents must submit cost proposals for the initial one-year term as well as the three optional renewal years. Annual pricing shall be all-inclusive with no allowances made for expenses without the express written approval of the City.

**V. SELECTION PROCESS AND EVALUATION CRITERIA**

The City may select a group of finalists for in-person or phone interviews, but such interviews are at the option of the City.

Proposals will be evaluated in a fair, consistent, and objective manner. Selection will be based on response to questions or requirements identified in this RFP and interviews, if applicable.

Proposals will be evaluated utilizing the sets of criteria identified below to a 100-point evaluation scale (not listed in priority order):

**Mandatory Elements (75 Points)**

- The firm is licensed to practice in the State of Illinois
- The firm can demonstrate independence from the City and its Police and Firefighters' Pension Funds
- Proposed fees for services
- Actuary must be an Enrolled Actuary and a member of the American Academy of Actuaries or the Society of Actuaries in good standing
- Demonstrates quality work
- Compliance with RFP specifications
- Willingness to attend meetings of the City Council and the Pension Boards
- The firm may not seek to unreasonably limit its liability for negligence or breach of fiduciary duty
- Reasonableness of the cost proposal in relation to the amount of work to be done and the qualifications and experience of the applicant.

**Technical Qualifications (25 Points)**

- Expertise and experience of firm and assigned personnel
- Past experience and performance on comparable engagements (experience with Illinois Police and Firefighters' Pension Funds of similar size and complexity to the City)
- Professional staff to be assigned to the engagement
- Availability throughout the year for technical consultation

## **VI. AWARD OF AGREEMENT**

The firm selected as a result of this RFP process will be required to enter into a written professional services agreement. Such agreement shall reflect the terms and conditions included in the RFP and the selected firm's proposal, as well as any other provisions mutually agreed to by both parties. The agreement is subject to approval by City Council. In the event that the proposer to whom the services are awarded does not execute a contract within thirty (30) calendar days after approval, the City may give notice to such proposer of intent to award the contract to the next most qualified proposer or to call for new proposals and may proceed to act accordingly.



# City of Rockford Firefighters' Pension Fund

January 1, 2025  
Actuarial Valuation Report

<b>Actuarial Certification</b>	<b>3</b>
<b>Executive Summary</b>	<b>5</b>
Summary Results	5
Changes Since Prior Valuation and Key Notes	6
History of Valuation Results	7
Identification of Risks	8
Plan Maturity Measures	9
<b>Assets and Liabilities</b>	<b>10</b>
Present Value of Future Benefits	10
Funding Liabilities	11
Asset Information	12
Reconciliation of Gain/Loss	14
<b>Contribution Requirements</b>	<b>15</b>
Development of Actuarially Determined Contribution	15
<b>Demographic Information</b>	<b>16</b>
<b>Participant Reconciliation</b>	<b>18</b>
<b>Plan Provisions</b>	<b>20</b>
<b>Actuarial Assumptions</b>	<b>23</b>
<b>Other Measurements</b>	<b>25</b>
Minimum Contribution	26
Exclusion under Property Tax Extension Limitation Law	27
Low-Default-Risk Obligation Measure	28

At the request of the plan sponsor, this report summarizes the City of Rockford Firefighters' Pension Fund as of January 1, 2025. The purpose of this report is to communicate the following results of the valuation:

- Funded Status;
- Actuarially Determined Contribution; and
- Statutory Minimum Contribution.

This report has been prepared in accordance with the applicable Federal and State laws. Consequently, it may not be appropriate for other purposes. Please contact Nyhart prior to disclosing this report to any other party or relying on its content for any purpose other than that explained above. Failure to do so may result in misrepresentation or misinterpretation of this report.

The results in this report were prepared using information provided to us by other parties. The census information has been provided to us by the employer. Asset information has been provided to us by the administrator. We have reviewed the provided data for reasonableness when compared to prior information provided, but have not audited the data. Where relevant data may be missing, we have made assumptions we believe to be reasonable. We are not aware of any significant issues with and have relied on the data provided. Any errors in the data provided may result in a different result than those provided in this report. A summary of the data used in the valuation is included in this report.

The actuarial assumptions and methods were chosen by the employer. In our opinion, all actuarial assumptions and methods are individually reasonable and in combination represent our best estimate of anticipated experience of the plan. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

- plan experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and
- changes in plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement. This report has been prepared in accordance with generally accepted actuarial principles and practice.

Neither Nyhart nor any of its employees have any relationship with the plan or its sponsor which could impair or appear to impair the objectivity of this report. To the extent that this report or any attachment concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law.

In preparing the results, Nyhart used Proval valuation software developed by Winklevoss Technologies, LLC. This software is widely used for the purpose of performing pension valuations. We coded the plan provisions, assumptions, methods, and participant data summarized in this report, and reviewed the liability and cost outputs for reasonableness. We are not aware of any material weaknesses or limitations in the software, and have determined it is appropriate for performing this valuation.

The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States and are available for any questions.

Nyhart



\_\_\_\_\_  
Jennifer Turk, FSA, EA, MAAA



\_\_\_\_\_  
Jennifer Sterbank, ASA, EA, MAAA

July 2, 2025  
Date

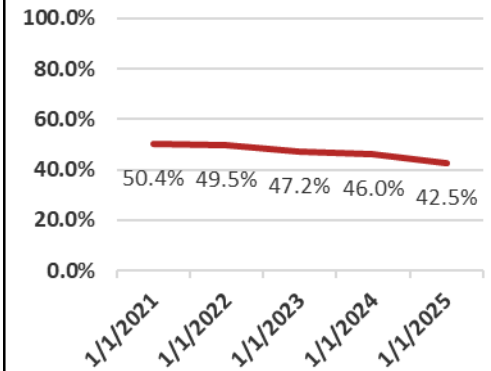


## Summary Results

The actuarial valuation's primary purpose is to produce a scorecard measure displaying the funding progress of the plan toward the ultimate goal of paying benefits at retirement. The Accrued Liability is based on the Entry Age Normal % Salary actuarial cost method.

	January 1, 2024	January 1, 2025
<b>Funded Status Measures</b>		
Accrued Liability	\$427,963,638	\$441,959,747
Actuarial Value of Assets	<u>\$196,677,065</u>	<u>\$187,633,301</u>
Unfunded Accrued Liability	\$231,286,573	\$254,326,446
Funded Percentage (AVA)	46.0%	42.5%
Funded Percentage (MVA)	43.4%	41.8%
<b>Cost Measures</b>		
Total Actuarially Determined Contribution	\$21,700,484	\$24,519,462
Expected Employee Contributions	<u>(2,680,032)</u>	<u>(2,888,098)</u>
Net Actuarially Determined Contribution	\$19,020,452	\$21,631,364
- as a Percentage of Payroll	71.9%	75.8%
<b>Asset Measures</b>		
Market Value of Assets (MVA)	\$185,707,413	\$184,757,559
Actuarial Value of Assets (AVA)	\$196,677,065	\$187,633,301
Actuarial Value/Market Value	105.9%	101.6%
<b>Participant Information</b>		
Active Participants	268	283
Terminated Vested Participants	19	22
Retirees, Beneficiaries, and Disabled Participants	<u>338</u>	<u>335</u>
Total	625	640
Payroll	\$26,466,044	\$28,520,747

### History of Funded Ratio



### Changes since Prior Valuation and Key Notes

There have been no changes to the assumptions or plan provisions since the last valuation.

**History of Valuation Results**

	1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025
<b>Plan Funding</b>					
Accrued Liability	\$358,266,545	\$382,565,020	\$402,438,269	\$427,963,638	\$441,959,747
Actuarial Value of Assets	180,662,305	189,392,302	189,789,156	196,677,065	187,633,301
Unfunded Accrued Liability	\$177,604,240	\$193,172,718	\$212,649,113	\$231,286,573	\$254,326,446
Funded Percentage	50.4%	49.5%	47.2%	46.0%	42.5%
Normal Cost (NC)	\$5,920,890	\$5,653,360	\$6,293,742	\$6,113,016	\$6,415,298
NC as a Percent of Covered Payroll	26.3%	25.0%	25.5%	23.1%	22.5%
Actual Contribution	\$12,539,373	\$13,840,583	\$16,854,445	\$16,866,576	To Be Determined
Actuarially Determined Contribution (ADC)	\$12,914,516	\$14,746,535	\$16,975,532	\$19,020,452	\$21,631,364
ADC (% of Pay)	57.4%	65.2%	68.9%	71.9%	75.8%
Interest Rate	7.10%	7.10%	7.10%	7.10%	7.10%
<b>Rate of Return</b>					
Actuarial Value of Assets	8.0%	8.8%	3.8%	5.8%	-2.1%
Market Value of Assets	10.6%	11.6%	-13.8%	14.1%	10.8%
<b>Demographic Information</b>					
Active Participants	269	263	266	268	283
Retired Participants	218	226	229	232	233
Beneficiaries	80	79	78	83	78
Disabled Participants	25	25	25	23	24
Terminated Vested Participants	17	16	16	19	22
Total Participants	609	609	614	625	640
Covered Payroll	\$22,512,561	\$22,611,861	\$24,647,025	\$26,466,044	\$28,520,747
Average Covered Pay	\$83,690	\$85,977	\$92,658	\$98,754	\$100,780

## Identification of Risks

The results presented in this report are shown as single point values. However, these values are derived using assumptions about future markets and demographic behavior. If actual experience deviates from our assumptions, the actual results for the plan will consequently deviate from those presented in this report. Therefore, it is critical to understand the risks facing this pension plan. The following table shows the risks we believe are most relevant to the City of Rockford Firefighters' Pension Fund. The risks are generally ordered with those we believe to have the most significance at the top. Also shown are possible methods by which a more detailed assessment of the risk can be performed.

### Type of Risk                      Additional Information

Investment Return	Portfolio risk and substantial equity position leave the plan open to adverse market results, which could increase costs in the future.
Participant Longevity	The plan has adopted the mortality tables suggested by the 2021 Consolidated Investment Experience study for valuation purposes. There is no guarantee anticipated mortality experience will mirror your plan's future experience. Deviation from expected mortality rates could impact long-term liabilities and plan cost.
Early Retirement	The plan has a relatively generous provisions regarding retirement eligibility; if more employees than expected retire or avail themselves of early retirement options, then this could impact estimated plan liabilities.
Salary Growth	The plan has experienced volatility in observed salary increases in the recent past; as benefits are based on final average salary, the salary growth assumption is key to accurately calculating liabilities and future costs.

### Type of Risk                      Method to Assess Risk

Investment Return	Scenario Testing; Asset Liability Study
Participant Longevity	Scenario Testing; Sensitivity Testing
Early Retirement	Scenario Testing; Sensitivity Testing
Salary Growth	Scenario Testing; Sensitivity Testing

## Plan Maturity Measures - January 1, 2025

Each pension plan has a distinct life-cycle. New plans promise future benefits to active employees and then accumulate assets to pre-fund those benefits. As the plan matures, benefits are paid and the pre-funded assets begin to decumulate until ultimately, the plan pays out all benefits. A plan's maturity has a dramatic influence on how risks should be viewed. The following maturity measures illustrate where the City of Rockford Firefighters' Pension Fund falls in its life-cycle.

### **Duration of Liabilities: 12.6**

Duration is the most common measure of plan maturity. It is defined as the sensitivity of the liabilities to a change in the interest rate assumption. The metric also approximates the weighted average length of time, in years, until benefits are expected to be paid. A plan with high duration is, by definition, more sensitive to changes in interest rates. A plan with low duration is more susceptible to risk if asset performance deviates from expectations as there would be less time to make up for market losses in adverse market environments while more favorable environments could result in trapped surplus from gains. Conversely, high duration plans can often take on more risk when investing, and low duration plans are less sensitive to interest rate fluctuations.

### **Demographic Distribution - Ratio of Actively Accruing Participants to All Participants: 44.2%**

A plan with a high ratio is more sensitive to fluctuations in salary (if a salary-based plan) and statutory changes. A plan with a low ratio is at higher risk from demographic experience. Such a plan should pay close attention to valuation assumptions as there will be less opportunity to realize future offsetting gains or losses when current experience deviates from assumptions. Plans with a low ratio also have limited opportunities to make alterations to plan design to affect future funded status.

### **Asset Leverage - Ratio of Payroll for Plan Participants to Market Value of Assets: 15.4%**

Younger plans typically have a large payroll base from which to draw in order to fund the plan while mature plans often have a large pool of assets dedicated to providing benefits to a population primarily consisting of members no longer on payroll. Plans with low asset leverage will find it more difficult to address underfunding, as the contributions needed to make up the deficit will represent a higher percentage of payroll than for a plan with high asset leverage.

### **Benefit Payment Percentage - Ratio of Annual Benefit Payments to Market Value of Assets: 13.6%**

As a plan enters its decumulation phase, a larger percentage of the pre-funded assets are paid out each year to retirees. A high percentage is not cause for alarm as long as the plan is nearly fully funded. However, such a plan is more sensitive to negative asset performance, especially if cash contributions are not an option to make up for losses.

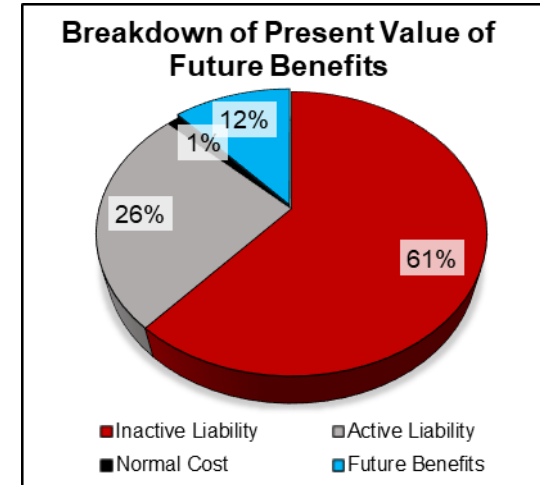
## Present Value of Future Benefits

The Present Value of Future Benefits represents the future benefits payable to the existing participants.

**January 1, 2025**

### Present Value of Future Benefits

Active Participants	
Retirement	\$167,625,811
Disability	20,732,889
Death	2,018,102
Termination	4,979,281
Total Active	\$195,356,083
Inactive participants	
Retired Participants	\$266,976,011
Beneficiaries	25,552,169
Disabled Participants	18,222,335
Terminated Vested Participants	716,100
Total Inactive	\$311,466,615
Total	\$506,822,698
Present Value of Future Payrolls	\$310,140,302
Present Value of Future Employee Contributions	\$29,195,766



## Accrued Liability

The Funding Liability measures the present value of benefits earned as of the valuation date, using the actuarial assumptions described in the assumption section of this report and the Entry Age Normal % Salary actuarial cost method.

**January 1, 2025**

### Funding Liabilities

#### Active Participants

Retirement	\$119,231,319
Disability	9,196,355
Death	569,908
Termination	1,495,550
<b>Total Active</b>	<b>\$130,493,132</b>

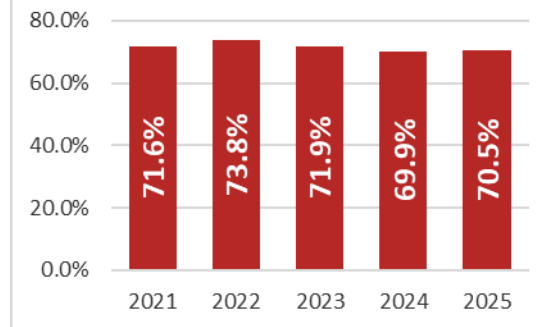
#### Inactive Participants

Retired Participants	\$266,976,011
Beneficiaries	25,552,169
Disabled Participants	18,222,335
Terminated Vested Participants	716,100
<b>Total Inactive</b>	<b>\$311,466,615</b>

**Total** **\$441,959,747**

**Normal Cost** **\$6,415,298**

### History of the Percentage of Inactive Liability



## Asset Information

The amount of assets backing the pension promise is typically the most significant driver of volatility and future costs within a pension plan. The investment performance of the assets directly offsets the ultimate cost.

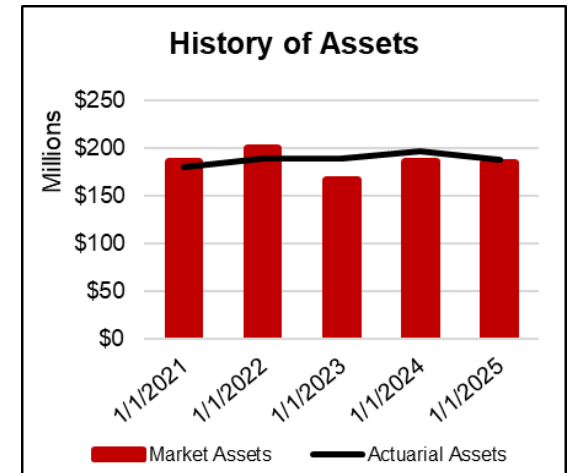
**January 1, 2025**

### Market Value Reconciliation

Market Value of Assets, Beginning of Prior Year	\$171,587,034
Contributions	
Employer Contributions	\$16,866,576
Member Contributions	2,657,662
Total	\$19,524,238
Investment Income	18,214,864
Benefit Payments	(24,372,235)
Administrative Expenses	(196,342)
Market Value of Assets, Beginning of Current Year	\$184,757,559
Return on Market Value	10.8%

### Actuarial value of assets

Value at Beginning of Current Year	\$187,633,301
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\*Results for January 1, 2025, reflect the revised December 31, 2023 market value of assets adjustment of \$14,120,379.



**Asset Information (continued)**

Plan Assets are used to develop funded percentages and contribution requirements.

	January 1, 2025
1. Expected Market Value of Assets	
(a) Market Value of Assets, Beginning of Prior Year	\$171,587,034
(b) Contributions	19,524,238
(c) Benefit Payments	(24,372,235)
(d) Administrative Expenses	(196,342)
(e) Expected Return	12,003,605
(f) Expected Market Value of Assets, Beginning of Current Year	<u>\$178,546,300</u>
2. Market Value of Assets, Beginning of Current Year	\$184,757,559
3. Actual Return on Market Value	\$18,214,864
4. Amount Subject to Phase-in [(3)-(1e)]	\$6,211,259
5. Phase-in of Asset Gain/(Loss)	
(a) Current Year [80% x \$6,211,259 ]	\$4,969,007
(b) First Prior Year [60% x \$11,554,289 ]	6,932,573
(c) Second Prior Year [40% x (\$41,081,077)]	(16,432,431)
(d) Third Prior Year [20% x \$8,275,547 ]	1,655,109
(e) Total Phase-in	<u>(\$2,875,742)</u>
6. Actuarial Value of Assets, Beginning of Current Year [(2)-(5e)]	\$187,633,301
7. Return on Actuarial Value of Assets	-2.1%

**Reconciliation of Gain/Loss**

**January 1, 2025**

**Liability (Gain)/Loss**

Actuarial Liability, Beginning of Prior Year	\$427,963,638
Normal Cost	6,113,016
Benefit Payments	(24,372,235)
Expected Interest	<u>29,954,228</u>
Expected Actuarial Liability, Beginning of Current Year	\$439,658,647
Actual Actuarial Liability, Before Changes	\$441,959,747
Liability (Gain)/Loss	\$2,301,100

**Asset (Gain)/Loss**

Actuarial Value of Assets, Beginning of Prior Year	\$196,677,065
Contributions	19,524,238
Benefit Payments and Administrative Expenses	(24,568,577)
Expected Return	<u>13,784,998</u>
Expected Actuarial Value of Assets, Beginning of Current Year	\$205,417,724
Actual Actuarial Value of Assets, Beginning of Current Year	\$187,633,301
Asset (Gain)/Loss	\$17,784,423

**Total (Gain)/Loss**

\$20,085,523

## Development of Actuarially Determined Contribution

The actuarially determined contribution is the annual amount needed to fund the plan to 90% by the end of the 2040 fiscal year as a level percentage of payroll, using the Entry Age Normal % Salary actuarial cost method. The actuarially determined contribution is subject to the State statutory minimum, which is the annual amount needed to fund the plan to 90% by the end of the 2040 fiscal year as a level percentage of payroll, using the Projected Unit Credit actuarial cost method.

In accordance with ASOP No. 4, we reviewed the plan's funding method (liability method, amortization method and period, asset smoothing method), contribution policy & allocation procedures, and the computation of the actuarially determined contribution. Most of the funding method is reasonable to us, but the contribution policy targets reaching 90% funded on an Entry Age Normal basis by 2040 without a clearly stated policy to reach 100% funded in a reasonable time period after 2040. By design this results in the unfunded actuarial accrued liability not being fully funded by the end of the amortization period. A reasonable actuarially determined contribution using all underlying valuation assumptions, but instead targeting 100% funded by 2040, would result in an actuarially determined contribution a of \$25,219,054 and a corresponding funding percentage of 42.5%.

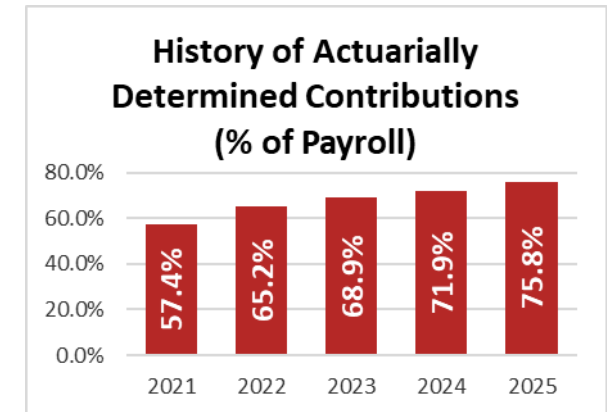
**January 1, 2025**

### Funded Position

1. Entry Age Normal % Salary Accrued Liability	\$441,959,747
2. 90% of Entry Age Normal % Salary Accrued Liability	\$397,763,772
3. Actuarial Value of Assets	<u>187,633,301</u>
4. Unfunded Actuarial Accrued Liability (UAAL) (2 – 3)	\$210,130,471

### Actuarially Determined Contribution

1. Normal Cost	\$6,415,298
2. Administrative Expenses	196,342
3. Amortization of UAAL	16,220,583
4. Applicable Interest	<u>1,621,088</u>
5. Total Actuarially Determined Contribution	\$24,453,311
6. Expected Employee Contributions	<u>2,888,098</u>
7. Net Actuarially Determined City Contribution (5 – 6)	\$21,565,213
8. Minimum Contribution (Public Act 096-1495 Tax Levy Requirement)	\$21,631,364
9. Final Actuarially Determined Contribution [max (7,8)]	\$21,631,364
As a Percentage of Expected Payroll	75.8%



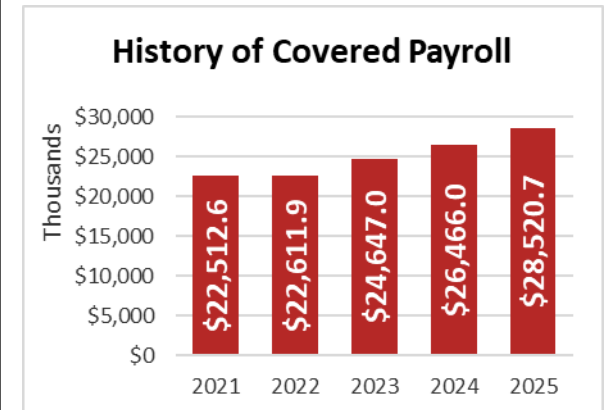
The Plan's Normal Cost plus interest on the Unfunded Actuarial Accrued Liability is \$22,039,864.

A contribution greater than the Normal Cost plus interest on the Unfunded Actuarial Accrued Liability will reduce the Unfunded Actuarial Accrued Liability, if all other assumptions are met. A contribution less than the Normal Cost plus interest on the Unfunded Actuarial Accrued Liability will increase the Unfunded Actuarial Accrued Liability, if all other assumptions are met. Consider making a contribution greater than the Normal Cost plus interest on the Unfunded Actuarial Accrued Liability in order to pay down the Plan's shortfall more rapidly if that amount is greater than your funding policy contribution.

## Demographic Information

The foundation of a reliable actuarial report is the participant information provided by the plan sponsor. Monitoring trends in demographic information is crucial for long-term pension planning.

	January 1, 2024	January 1, 2025
<b>Participant Counts</b>		
Active Participants	268	283
Retired Participants	232	233
Beneficiaries	83	78
Disabled Participants	23	24
Terminated Vested Participants	19	22
Total Participants	625	640
<b>Active Participant Demographics</b>		
Average Age	40.5	39.6
Average Service	13.4	12.6
Average Compensation	\$98,754	\$100,780
Covered Payroll	\$26,466,044	\$28,520,747



Demographic Information (continued)

	January 1, 2024	January 1, 2025
<b>Retiree Statistics</b>		
Average Age	69.4	69.1
Average Monthly Pension Benefit	\$6,746	\$6,989
<b>Beneficiary Statistics</b>		
Average Age	75.9	76.8
Average Monthly Pension Benefit	\$3,574	\$3,755
<b>Disabled Participants Statistics</b>		
Average Age	67.0	66.9
Average Monthly Pension Benefit	\$4,624	\$4,835
<b>Terminated Participants Statistics</b>		
Average Age	37.6	35.8
Average Monthly Pension Benefit*	\$2,181	\$1,435

\* Average monthly pension benefit does not include participants eligible for a return of contributions only.

Participant Reconciliation

	Active	Terminated Vested	Disabled	Retired	Beneficiaries	Totals
<b>Prior Year</b>	268	19	23	232	83	625
<b>Active</b>						
To Retired	(10)	0	0	10	0	0
To Disabled	(2)	0	2	0	0	0
To Terminated Vested	(1)	1	0	0	0	0
Terminated Nonvested (return of employee contributions)	0	0	0	0	0	0
<b>Terminated Vested</b>						
To Retired	0	0	0	0	0	0
Return of employee contributions	0	(1)	0	0	0	(1)
<b>Disabled</b>						
To Active	1	0	(1)	0	0	0
<b>Retired</b>						
To Death with Beneficiary	0	0	0	(4)	0	(4)
To Death without Beneficiary	0	0	0	(5)	0	(5)
<b>Beneficiaries</b>						
To Death	0	0	0	0	(8)	(8)
Expired Child Coverage	0	0	0	0	(1)	(1)
<b>Additions</b>	27	3	0	0	4	34
<b>Departures</b>	0	0	0	0	0	0
<b>Current Year</b>	283	22	24	233	78	640

## Active Participant Schedule

Active participant information grouped based on age and service.

Age Group	Years of Service										Total	Average Pay
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up		
Under 25	10	2									12	\$68,032
25 to 29	12	15	10								37	\$82,210
30 to 34	3	17	29								49	\$91,486
35 to 39	1	11	19	20	7						58	\$98,670
40 to 44			2	12	21	2					37	\$105,779
45 to 49				7	16	18	2				43	\$113,097
50 to 54				1	4	19	14	1			39	\$121,074
55 to 59						4	4				8	\$119,758
60 to 64											0	
65 to 69											0	
70 & up											0	
Total	26	45	60	40	48	43	20	1	0	0	283	\$100,780

## Eligibility for Participation

Firefighters of the City of Rockford

## Accrual of Benefits

For employees hired prior to January 1, 2011, the normal retirement benefit is equal to 50% of the final salary plus 2.5% of any service over 20 years (with a maximum of 30) times the final salary. There is a minimum benefit of \$1,159.27 per month. The benefit is paid as a 100% joint and survivor benefit with the spouse, children under 18, or dependent parents of the participants as the survivor.

For employees hired after or on January 1, 2011, the normal retirement benefit is equal to 2.5% of the final average salary times benefit service (maximum 30 years.) The benefit is paid as a 66.67% joint and survivor benefit with the spouse, children under 18, or dependent parents of the participants as the survivor.

## Benefits

### Normal Retirement

Eligibility	For employees hired prior to January 1, 2011, the normal retirement date is the first day of the month on or after completion of 20 years of service and attainment of age 50.  For employees hired after or on January 1, 2011, the normal retirement date is the first day of the month on or after completion of 10 years of service and attainment of age 55.
Benefit	Unreduced Accrued Benefit payable immediately.

### Early Retirement

Eligibility	For employees hired prior to January 1, 2011 and terminating with less than 20 years of service For employees hired after or on January 1, 2011 who has attained age 50 and has 10 years of service.
Benefit	For those hired prior to January 1, 2011 a reduced Accrued Benefit shall be paid at age 60 based on the schedule below. For those hired after or on January 1, 2011 the Accrued Benefit is reduced by 0.5% for each month prior to age 55.

Benefit Service	Accrual Percentage	Benefit Service	Accrual Percentage
10	15.0%	15	30.0%
11	17.6%	16	33.6%
12	20.4%	17	37.4%
13	23.4%	18	41.4%
14	26.6%	19	45.6%



## Termination

Eligibility	For employees hired prior to January 1, 2011, age 60 with 8 years of service.  For employees hired after or on January 1, 2011, age 55 with 10 years of service.
Benefit	Accrued benefit. Refund of contributions for employees that do not meet the eligibility criteria above.

## Disability In The Line of Duty

Eligibility	For participants who become disabled in the line of duty.
Benefit	The greater of 65% of the final salary or the accrued benefit

## Disability Not In The Line of Duty

Eligibility	For participants who become disabled outside of the line of duty.
Benefit	50% of the final salary

## Death In the Line of Duty

Eligibility	For participants who die in the line of duty.
Benefit	The benefit is 100% of final salary paid to the survivor.

## Death Not In the Line of Duty

Eligibility	For participants who die outside of the line of duty.
Benefit	For those hired before 1/1/2011 with greater than 20 years of service, a benefit of 100% of the accrued benefit is paid to the survivor. For those with more than 10 years of service, but less than 20 years of service, a benefit of 54% of the final salary is paid to the survivor.  For those hired after 1/1/2011, a benefit equal to the greater of 54% of Final Salary and 66-2/3% of the accrued benefit is paid to the survivor.

## Compensation

Final Salary is the salary attached to the rank held on the last day of service, or one year prior to the last day, whichever is greater.

Final Average Salary is the average monthly salary obtained by dividing the total salary of the firefighter during the 48 consecutive months of service within the last 60 months of service in which the total salary was the highest by the number of months of service in that period. Salary will not exceed \$106,800 adjusted from January 1, 2011 with the lesser of 3% and 50% (100% effective January 1, 2020) of the CPI on November 1.

### Credited Service

For Vesting and Benefit Accrual purposes, pension service credit is based on elapsed time from hire.

### Employee Contributions

9.455% of Compensation

### COLA

Eligibility All Employees

Benefit For employees hired prior to January 1, 2011 a compound COLA of 3% is granted each year after attainment of age 55 and 1 year of payments.

For employees hired after or on January 1, 2011 a simple COLA of the lesser of 3% and 50% of the CPI on November 1 is granted each year after attainment of age 60 and 1 year of payments.

For disabled employees, a simple COLA is available after attainment of age 60 and 1 year of payments. For employees hired prior to January 1, 2011 the COLA is 3%. For employees hired after January 1, 2011, the COLA is the lesser of 3% and 50% of the CPI on November 1.

### Plan Provisions Not Included

We are not aware of any plan provisions not included in the valuation

### Adjustments Made for Subsequent Events

We are not aware of any event following the measurement date and prior to the date of this report that would materially impact the results of this report.

Except where otherwise indicated, the following assumptions were selected by the plan sponsor with the concurrence of the actuary. Prescribed assumptions are based on the requirements of the relevant law and applicable regulations.

<b>Valuation Date</b>	January 1, 2025								
<b>Participant and Asset Information Collected as of</b>	January 1, 2025								
<b>Actuarial Cost Method (CO)</b>	Entry Age Normal % Salary Cost Method								
<b>Amortization Method – Actuarially Determined Contribution (CO)</b>	Closed level percentage of payroll amortization of 90% of the Unfunded Actuarial Accrued Liability using a 4.00% payroll growth assumption over the period ending on December 31, 2040 (16-year amortization in 2025)								
<b>Asset Method</b>	5-year smoothing of asset gains and losses								
<b>Interest Rates (CO)</b>	7.10%, net of investment expenses								
<b>Inflation (FE)</b>	2.25%								
<b>Annual Pay Increases (FE)</b>	Recommended rates from the 2021 IL Firefighters' Pension Investment Experience study. Sample rates include: <table data-bbox="932 818 1192 941"> <tr> <th><u>Service</u></th><th><u>Rate</u></th></tr> <tr> <td>0</td><td>12.50%</td></tr> <tr> <td>5</td><td>7.50%</td></tr> <tr> <td>10+</td><td>4.00%</td></tr> </table>	<u>Service</u>	<u>Rate</u>	0	12.50%	5	7.50%	10+	4.00%
<u>Service</u>	<u>Rate</u>								
0	12.50%								
5	7.50%								
10+	4.00%								
<b>Ad-hoc Cost-of-living Increases</b>	3.0% (1.125% for those hired after 1/1/2011)								
<b>Mortality Rates (FE)</b>									
<b>Healthy (pre-commencement)</b>	Pub-2010 Public Safety Employee Mortality Table without adjustment, with generational improvement scale MP-2021 applied from 2010.								
<b>Healthy (post-commencement)</b>	Pub-2010 Public Safety Employee Mortality Table with 1.081 adjustment for males, with generational improvement scale MP-2021 applied from 2010.  The Pub-2010 Public Safety Survivor Mortality Table with 1.098 adjustment for females, with generational improvement scale MP-2021 applied from 2010 is used for survivors.								
<b>Disabled</b>	Pub-2010 Public Safety Disabled Retiree Mortality Table with 1.178 adjustment for males, with generational improvement scale MP-2021 applied from 2010.  20% of deaths are assumed to be in the line of duty								

**Retirement Rates (FE)**

Recommended rates from the 2021 IL Firefighters' Pension Investment Fund Experience study. Sample rates include:

Tier I		Tier II	
<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
50-51	12%	50-54	3%
52-53	15%	55	30%
54-59	20%	56-59	20%
60-62	25%	60-62	25%
63-64	33%	63-64	33%
65-69	50%	65-69	50%
70+	100%	70+	100%

**Disability Rates (FE)**

Recommended rates from the 2021 IL Firefighters' Pension Investment Fund Experience study. Sample rates include:

<u>Age</u>	<u>Rate</u>
20	0.010%
30	0.068%
40	0.420%
50	0.900%

80% of disabilities are assumed to be in the line of duty

**Termination Rates (FE)**

Recommended rates from the 2021 IL Firefighters' Pension Investment Fund Experience study. Sample rates include:

<u>Age</u>	<u>Rate</u>
20	10.00%
30	4.00%
40	1.20%
50	1.00%

**Marital Status and Ages (FE)**

80% of participants are assumed to be married with female spouses 3 years younger.

**Expense Load**

Equal to the administrative expenses paid in the prior year.

**Funding Policy**

Statutory minimum contribution, with additional funding at the discretion of the City.

FE indicates an assumption representing an estimate of future experience

MD indicates an assumption representing observations of estimates inherent in market data

CO indicates an assumption representing a combination of an estimate of future experience and observations of market data

The actuarial report also shows the necessary items required for plan reporting and any state requirements.

- ✓ Minimum contribution (Public Act 096-1495 Tax Levy Requirement)
- ✓ Exclusion under Property Tax Extension Limitation Law (35 ILCS 200/18-185)
- ✓ Low-Default-Risk Obligation Measure (LDROM)

**Minimum Contribution (Public Act 096-1495 Tax Levy Requirement)**

	January 1, 2025
1. Accrued liability using projected unit credit cost method	\$435,668,912
2. 90% of Accrued liability	\$392,102,021
3. Actuarial value of assets	<u>187,633,301</u>
4. Unfunded liability to be amortized [(2)-(3)]	\$204,468,720
5. Total normal cost using projected unit credit cost method	\$6,914,111
6. Administrative expenses	196,342
7. 16-year level pay amortization of (4)	15,783,536
8. Applicable interest	<u>1,625,473</u>
9. Minimum contribution (5 + 6 + 7 + 8)	\$24,519,462
10. Expected employee contributions	<u>2,888,098</u>
11. Net employer minimum contribution (9 – 10)	\$21,631,364

**Actuarial Cost Method**

Projected Unit Credit

**Amortization Method**

Closed level percentage of payroll amortization of 90% of Unfunded Actuarial Accrued Liability using a 4.00% payroll growth assumption over the period ending on December 31, 2040 (16-year amortization in 2025)

**Asset Method**

5-year smoothing of asset gains and losses

**Interest Rate**

7.10%, net of investment expenses

The statutory minimum contribution outlined in Illinois statutes targets reaching 90% funded on a Projected Unit Credit basis by 2040. By design this results in the unfunded actuarial accrued liability not being fully funded by the end of the amortization period. This was put in place as temporary budget relief and should not be viewed as a viable long term contribution strategy.

**Exclusion under Property Tax Extension Limitation Law (35 ILCS 200/18-185)**

**January 1, 2025**

**Calculation of Funding Policy Contribution Prior to Benefit Provisions of PA 93-689**

1. Accrued liability using projected unit credit cost method	\$419,747,147
2. 90% of Accrued liability	\$377,772,432
3. Actuarial value of assets	<u>187,633,301</u>
4. Unfunded liability to be amortized [(2)-(3)]	\$190,139,131
5. Total normal cost using Projected Unit Credit method	\$6,892,202
6. Administrative expenses	196,342
7. 16-year level pay amortization of (4)	14,677,393
8. Applicable interest	<u>1,545,382</u>
9. Total contribution (5 + 6 + 7 + 8)	\$23,311,319
10. Expected employee contributions	<u>2,888,098</u>
11. Net city funding policy contribution without PA 93-689 (9 – 10)	\$20,423,221
12. Net city funding policy contribution	<u>\$21,631,364</u>
13. Amount to consider for exclusion from Property Tax Extension Limitation Law (12 – 11)	\$1,208,143

### Low-Default-Risk Obligation Measure (LDROM)

For reports issued after February 15, 2023 the Plan's actuary is generally required to disclose liabilities under an alternative low-default-risk based discount rate. This LDROM liability measure represents the estimated asset value as of the measurement date the Plan would need in order to purchase a low-default-risk fixed income securities portfolio with durations that are reasonably consistent with the timing of benefits expected to be paid from the plan.

	January 1, 2025
LDROM liability	\$ (530,599,359)
Market value of assets	<u>\$ 184,757,559</u>
LDROM funded status	\$ (345,841,800)

The LDROM liability measure is for informational purposes only. The plan sponsor has no requirements to contribute to the Plan to meet this threshold.

If Plan assets are invested to earn in excess of a fixed income portfolio, a shortfall on this basis may not necessarily mean the security of participant benefits is at risk. If the plan is fully funded, or nearly fully funded, on the LDROM measure, the plan sponsor may want to consider reducing investment risk in order to offer greater benefit security and lower contribution volatility. We did not perform an analysis of assumption or provision changes resulting from a potential shift in investment policy due to the limited scope of our engagement.

The above LDROM liability measure applies a single effective discount rate of 5.65% which would produce approximately the same discounted cashflows as the FTSE Above Median AA Index as of December 31, 2024. All other data, assumptions, methods and provisions are the same as those detailed in this report.





Appendix  
B

# City of Rockford Police Pension Fund

January 1, 2025  
Actuarial Valuation Report

<b>Actuarial Certification</b>	<b>3</b>
<b>Executive Summary</b>	<b>5</b>
Summary Results	5
Changes Since Prior Valuation and Key Notes	6
History of Valuation Results	7
Identification of Risks	8
Plan Maturity Measures	9
<b>Assets and Liabilities</b>	<b>10</b>
Present Value of Future Benefits	10
Funding Liabilities	11
Asset Information	12
Reconciliation of Gain/Loss	14
<b>Contribution Requirements</b>	<b>15</b>
Development of Actuarially Determined Contribution	15
<b>Demographic Information</b>	<b>16</b>
<b>Participant Reconciliation</b>	<b>18</b>
<b>Plan Provisions</b>	<b>20</b>
<b>Actuarial Assumptions</b>	<b>23</b>
<b>Other Measurements</b>	<b>25</b>
Minimum Contribution	26
Low-Default-Risk Obligation Measure	27

At the request of the plan sponsor, this report summarizes the City of Rockford Police Pension Fund as of January 1, 2025. The purpose of this report is to communicate the following results of the valuation:

- Funded Status;
- Actuarially Determined Contribution; and
- Statutory Minimum Contribution.

This report has been prepared in accordance with the applicable Federal and State laws. Consequently, it may not be appropriate for other purposes. Please contact Nyhart prior to disclosing this report to any other party or relying on its content for any purpose other than that explained above. Failure to do so may result in misrepresentation or misinterpretation of this report.

The results in this report were prepared using information provided to us by other parties. The census information has been provided to us by the employer. Asset information has been provided to us by the administrator. We have reviewed the provided data for reasonableness when compared to prior information provided, but have not audited the data. Where relevant data may be missing, we have made assumptions we believe to be reasonable. We are not aware of any significant issues with and have relied on the data provided. Any errors in the data provided may result in a different result than those provided in this report. A summary of the data used in the valuation is included in this report.

The actuarial assumptions and methods were chosen by the employer. In our opinion, all actuarial assumptions and methods are individually reasonable and in combination represent our best estimate of anticipated experience of the plan. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

- plan experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and
- changes in plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement. This report has been prepared in accordance with generally accepted actuarial principles and practice.

Neither Nyhart nor any of its employees have any relationship with the plan or its sponsor which could impair or appear to impair the objectivity of this report. To the extent that this report or any attachment concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law.

In preparing the results, Nyhart used ProVal valuation software developed by Winklevoss Technologies, LLC. This software is widely used for the purpose of performing pension valuations. We coded the plan provisions, assumptions, methods, and participant data summarized in this report, and reviewed the liability and cost outputs for reasonableness. We are not aware of any material weaknesses or limitations in the software, and have determined it is appropriate for performing this valuation.

The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States and are available for any questions.

Nyhart



\_\_\_\_\_  
Jennifer Turk, FSA, EA, MAAA



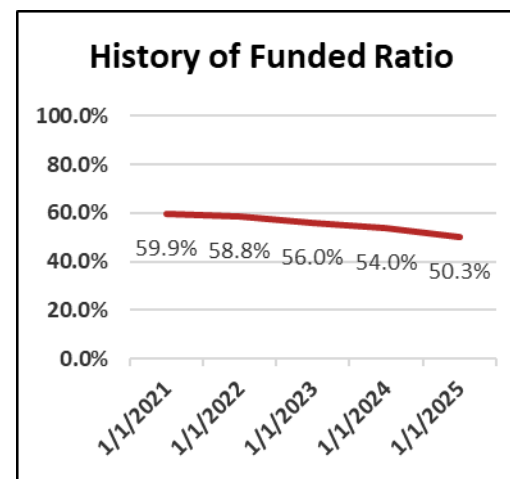
\_\_\_\_\_  
Jennifer Sterbank, ASA, EA, MAAA

July 2, 2025  
Date

## Summary Results

The actuarial valuation's primary purpose is to produce a scorecard measure displaying the funding progress of the plan toward the ultimate goal of paying benefits at retirement. The Accrued Liability is based on the Entry Age Normal % Salary actuarial cost method.

	January 1, 2024	January 1, 2025
<b>Funded Status Measures</b>		
Accrued Liability	\$443,757,757	\$461,638,790
Actuarial Value of Assets	<u>\$239,527,482</u>	<u>\$232,266,989</u>
Unfunded Accrued Liability	\$204,230,275	\$229,371,801
Funded Percentage (AVA)	54.0%	50.3%
Funded Percentage (MVA)	51.7%	49.5%
<b>Cost Measures</b>		
Total Actuarially Determined Contribution	\$18,555,639	\$21,168,517
Expected Employee Contributions	<u>(2,833,674)</u>	<u>(2,919,082)</u>
Net Actuarially Determined Contribution	\$15,721,965	\$18,249,435
- as a Percentage of Payroll	58.9%	66.4%
<b>Asset Measures</b>		
Market Value of Assets (MVA)	\$229,461,661	\$228,710,401
Actuarial Value of Assets (AVA)	\$239,527,482	\$232,266,989
Actuarial Value/Market Value	104.4%	101.6%
<b>Participant Information</b>		
Active Participants	278	278
Terminated Vested Participants	55	55
Retirees, Beneficiaries, and Disabled Participants	<u>339</u>	<u>347</u>
Total	672	680
Payroll	\$26,698,496	\$27,503,202



### Changes since Prior Valuation and Key Notes

There have been no changes to the plan provisions or assumptions since the last valuation.

**History of Valuation Results**

	1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025
<b>Plan Funding</b>					
Accrued Liability	\$363,662,549	\$390,968,015	\$413,109,381	\$443,757,757	\$461,638,790
Actuarial Value of Assets	217,964,306	229,706,330	231,352,068	239,527,482	232,266,989
Unfunded Accrued Liability	\$145,698,243	\$161,261,685	\$181,757,313	\$204,230,275	\$229,371,801
Funded Percentage	59.9%	58.8%	56.0%	54.0%	50.3%
Normal Cost (NC)	\$5,630,210	\$5,381,693	\$5,616,957	\$5,365,223	\$5,457,813
NC as a Percent of Covered Payroll	24.9%	23.0%	23.2%	20.1%	19.8%
Actual Contribution	\$10,209,802	\$11,237,176	\$13,806,069	\$13,820,979	To Be Determined
Actuarially Determined Contribution (ADC)	\$10,514,568	\$11,989,318	\$13,909,763	\$15,721,965	\$18,249,435
ADC (% of Pay)	46.6%	51.3%	57.5%	58.9%	66.4%
Interest Rate	7.10%	7.10%	7.10%	7.10%	7.10%
<b>Rate of Return</b>					
Actuarial Value of Assets	8.8%	9.6%	5.0%	6.9%	0.8%
Market Value of Assets	11.1%	11.8%	-10.3%	12.7%	9.5%
<b>Demographic Information</b>					
Active Participants	287	278	270	278	278
Retired Participants	228	239	244	247	254
Beneficiaries	56	57	58	61	63
Disabled Participants	30	30	31	31	30
Terminated Vested Participants	40	40	49	55	55
Total Participants	641	644	652	672	680
Covered Payroll	\$22,577,392	\$23,367,793	\$24,192,272	\$26,698,496	\$27,503,202
Average Covered Pay	\$78,667	\$84,057	\$89,601	\$96,038	\$98,932

## Identification of Risks

The results presented in this report are shown as single point values. However, these values are derived using assumptions about future markets and demographic behavior. If actual experience deviates from our assumptions, the actual results for the plan will consequently deviate from those presented in this report. Therefore, it is critical to understand the risks facing this pension plan. The following table shows the risks we believe are most relevant to the City of Rockford Police Pension Fund. The risks are generally ordered with those we believe to have the most significance at the top. Also shown are possible methods by which a more detailed assessment of the risk can be performed.

### Type of Risk                      Additional Information

Investment Return	Portfolio risk and substantial equity position leave the plan open to adverse market results, which could increase costs in the future.
Participant Longevity	The plan has adopted the mortality tables suggested by the 2022 Consolidated Investment Experience study for valuation purposes. There is no guarantee anticipated mortality experience will mirror your plan's future experience. Deviation from expected mortality rates could impact long-term liabilities and plan cost.
Early Retirement	The plan has a relatively generous provisions regarding retirement eligibility; if more employees than expected retire or avail themselves of early retirement options, then this could impact estimated plan liabilities.
Salary Growth	The plan has experienced volatility in observed salary increases in the recent past; as benefits are based on final average salary, the salary growth assumption is key to accurately calculating liabilities and future costs.

### Type of Risk                      Method to Assess Risk

Investment Return	Scenario Testing; Asset Liability Study
Participant Longevity	Scenario Testing; Sensitivity Testing
Early Retirement	Scenario Testing; Sensitivity Testing
Salary Growth	Scenario Testing; Sensitivity Testing



## Plan Maturity Measures - January 1, 2025

Each pension plan has a distinct life-cycle. New plans promise future benefits to active employees and then accumulate assets to pre-fund those benefits. As the plan matures, benefits are paid and the pre-funded assets begin to decumulate until ultimately, the plan pays out all benefits. A plan's maturity has a dramatic influence on how risks should be viewed. The following maturity measures illustrate where the City of Rockford Police Pension Fund falls in its life-cycle.

### **Duration of Liabilities: 12.8**

Duration is the most common measure of plan maturity. It is defined as the sensitivity of the liabilities to a change in the interest rate assumption. The metric also approximates the weighted average length of time, in years, until benefits are expected to be paid. A plan with high duration is, by definition, more sensitive to changes in interest rates. A plan with low duration is more susceptible to risk if asset performance deviates from expectations as there would be less time to make up for market losses in adverse market environments while more favorable environments could result in trapped surplus from gains. Conversely, high duration plans can often take on more risk when investing, and low duration plans are less sensitive to interest rate fluctuations.

### **Demographic Distribution - Ratio of Actively Accruing Participants to All Participants: 40.9%**

A plan with a high ratio is more sensitive to fluctuations in salary (if a salary-based plan) and statutory changes. A plan with a low ratio is at higher risk from demographic experience. Such a plan should pay close attention to valuation assumptions as there will be less opportunity to realize future offsetting gains or losses when current experience deviates from assumptions. Plans with a low ratio also have limited opportunities to make alterations to plan design to affect future funded status.

### **Asset Leverage - Ratio of Payroll for Plan Participants to Market Value of Assets: 12.0%**

Younger plans typically have a large payroll base from which to draw in order to fund the plan while mature plans often have a large pool of assets dedicated to providing benefits to a population primarily consisting of members no longer on payroll. Plans with low asset leverage will find it more difficult to address underfunding, as the contributions needed to make up the deficit will represent a higher percentage of payroll than for a plan with high asset leverage.

### **Benefit Payment Percentage - Ratio of Annual Benefit Payments to Market Value of Assets: 11.7%**

As a plan enters its decumulation phase, a larger percentage of the pre-funded assets are paid out each year to retirees. A high percentage is not cause for alarm as long as the plan is nearly fully funded. However, such a plan is more sensitive to negative asset performance, especially if cash contributions are not an option to make up for losses.

## Present Value of Future Benefits

The Present Value of Future Benefits represents the future benefits payable to the existing participants.

**January 1, 2025**

### Present Value of Future Benefits

#### Active Participants

Retirement	\$150,039,438
Disability	13,210,996
Death	1,610,578
Termination	8,508,273
<b>Total Active</b>	<b>\$173,369,285</b>

#### Inactive participants

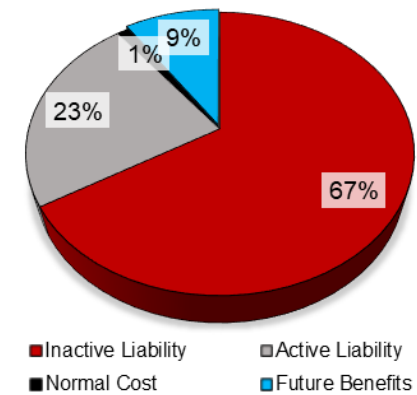
Retired Participants	\$288,649,741
Beneficiaries	27,921,969
Disabled Participants	21,665,081
Terminated Vested Participants	3,565,188
<b>Total Inactive</b>	<b>\$341,801,979</b>

**Total** **\$515,171,264**

Present Value of Future Payrolls \$289,137,611

Present Value of Future Employee Contributions \$28,651,386

**Breakdown of Present Value of Future Benefits**



## Accrued Liability

The Funding Liability measures the present value of benefits earned as of the valuation date, using the actuarial assumptions described in the assumption section of this report and the Entry Age Normal % Salary actuarial cost method.

January 1, 2025

### Funding Liabilities

#### Active Participants

Retirement	\$110,736,607
Disability	5,469,917
Death	466,449
Termination	3,163,838
Total Active	<u>\$119,836,811</u>

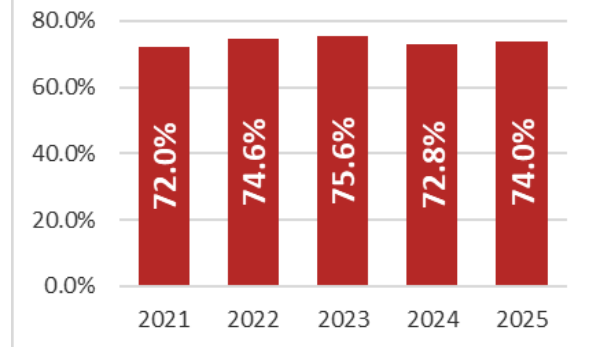
#### Inactive Participants

Retired Participants	\$288,649,741
Beneficiaries	27,921,969
Disabled Participants	21,665,081
Terminated Vested Participants	3,565,188
Total Inactive	<u>\$341,801,979</u>

Total	\$461,638,790
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Normal Cost	\$5,457,813
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### History of the Percentage of Inactive Liability



## Asset Information

The amount of assets backing the pension promise is typically the most significant driver of volatility and future costs within a pension plan. The investment performance of the assets directly offsets the ultimate cost.

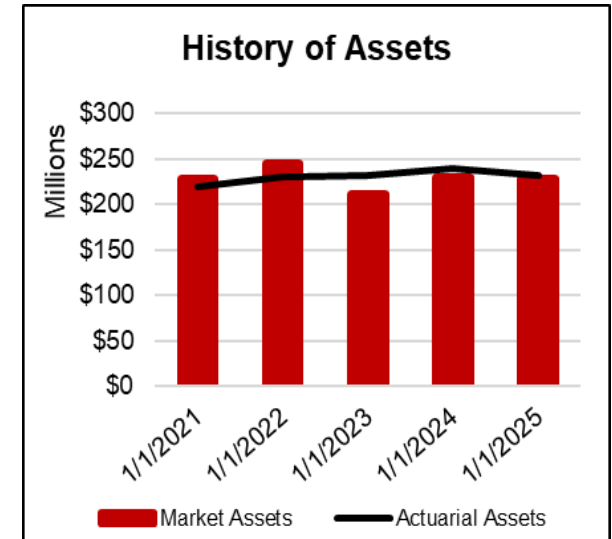
**January 1, 2025**

### Market Value Reconciliation

Market Value of Assets, Beginning of Prior Year	\$217,512,509
Contributions	
Employer Contributions	\$13,820,979
Member Contributions	2,721,104
Total	\$16,542,083
Investment Income	20,283,060
Benefit Payments	(25,462,228)
Administrative Expenses	(165,023)
Market Value of Assets, Beginning of Current Year	\$228,710,401
Return on Market Value	9.5%

### Actuarial value of assets

Value at Beginning of Current Year	\$232,266,989
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\*Result for January 1, 2025, reflect the revised December 31, 2023 market value of assets adjustment of \$11,949,152.

**Asset Information (continued)**

Plan Assets are used to develop funded percentages and contribution requirements.

	<b>January 1, 2025</b>
1. Expected Market Value of Assets	
(a) Market Value of Assets, Beginning of Prior Year	\$217,512,509
(b) Contributions	16,542,083
(c) Benefit Payments	(25,462,228)
(d) Administrative Expenses	(165,023)
(e) Expected Return	15,120,865
(f) Expected Market Value of Assets, Beginning of Current Year	<u>\$223,548,206</u>
2. Market Value of Assets, Beginning of Current Year	\$228,710,401
3. Actual Return on Market Value	\$20,283,060
4. Amount Subject to Phase-in [(3)-(1e)]	\$5,162,195
5. Phase-in of Asset Gain/(Loss)	
(a) Current Year [80% x \$5,162,195 ]	\$4,129,756
(b) First Prior Year [60% x \$11,606,328 ]	6,963,797
(c) Second Prior Year [40% x (\$41,904,593)]	(16,761,837)
(d) Third Prior Year [20% x \$10,558,479 ]	2,111,696
(e) Total Phase-in	<u>(\$3,556,588)</u>
6. Actuarial Value of Assets, Beginning of Current Year [(2)-(5e)]	\$232,266,989
7. Return on Actuarial Value of Assets	0.8%

**Reconciliation of Gain/Loss**

**January 1, 2025**

**Liability (Gain)/Loss**

Actuarial Liability, Beginning of Prior Year	\$443,757,757
Normal Cost	5,365,223
Benefit Payments	(25,462,228)
Expected Interest	<u>30,983,822</u>
Expected Actuarial Liability, Beginning of Current Year	\$454,644,574
Actual Actuarial Liability, Before Changes	\$461,638,790
Liability (Gain)/Loss	\$6,994,216

**Asset (Gain)/Loss**

Actuarial Value of Assets, Beginning of Prior Year	\$239,527,482
Contributions	16,542,083
Benefit Payments and Administrative Expenses	(25,627,251)
Expected Return	<u>16,683,928</u>
Expected Actuarial Value of Assets, Beginning of Current Year	\$247,126,242
Actual Actuarial Value of Assets, Beginning of Current Year	\$232,266,989
Asset (Gain)/Loss	\$14,859,253

**Total (Gain)/Loss**

\$21,853,469

## Development of Actuarially Determined Contribution

The actuarially determined contribution is the annual amount needed to fund the plan to 90% by the end of the 2040 fiscal year as a level percentage of payroll, using the Entry Age Normal % Salary actuarial cost method. The actuarially determined contribution is subject to the State statutory minimum, which is the annual amount needed to fund the plan to 90% by the end of the 2040 fiscal year as a level percentage of payroll, using the Projected Unit Credit actuarial cost method

In accordance with ASOP No. 4, we reviewed the plan's funding method (liability method, amortization method and period, asset smoothing method), contribution policy & allocation procedures, and the computation of the actuarially determined contribution. Most of the funding method is reasonable to us, but the contribution policy targets reaching 90% funded on an Entry Age Normal basis by 2040 without a clearly stated policy to reach 100% funded in a reasonable time period after 2040. By design this results in the unfunded actuarial accrued liability not being fully funded by the end of the amortization period. A reasonable actuarially determined contribution using all underlying valuation assumptions, but instead targeting 100% funded by 2040, would result in an actuarially determined contribution a of \$22,065,970 and a corresponding funding percentage of 50.3%.

**January 1, 2025**

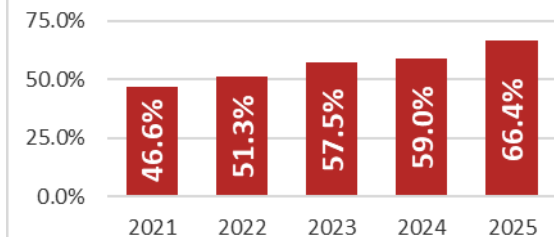
### Funded Position

1. Entry Age Normal % Salary Accrued Liability	\$461,638,790
2. 90% of Entry Age Normal % Salary Accrued Liability	\$415,474,911
3. Actuarial Value of Assets	<u>232,266,989</u>
4. Unfunded Actuarial Accrued Liability (UAAL) (2 – 3)	\$183,207,922

### Actuarially Determined Contribution

1. Normal Cost	\$5,457,813
2. Administrative Expenses	165,023
3. Amortization of UAAL	14,142,353
4. Applicable Interest	<u>1,403,328</u>
5. Total Actuarially Determined Contribution	\$21,168,517
6. Expected Employee Contributions	<u>2,919,082</u>
7. Net Actuarially Determined City Contribution (5 – 6)	\$18,249,435
8. Minimum Contribution (Public Act 096-1495 Tax Levy Requirement)	\$18,228,070
9. Final Actuarially Determined Contribution [max (7,8)]	\$18,249,435
As a Percentage of Expected Payroll	66.4%

### History of Actuarially Determined Contributions (% of Payroll)



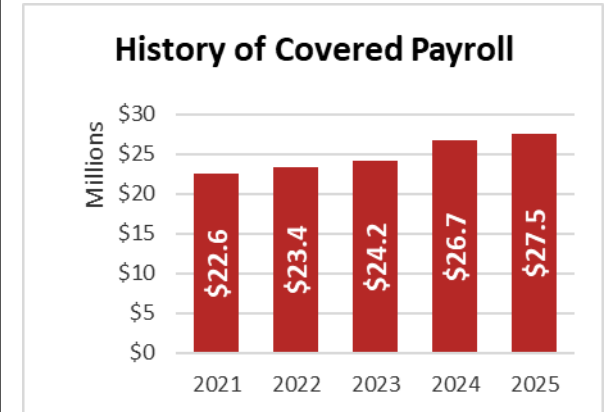
The Plan's Normal Cost plus interest on the Unfunded Actuarial Accrued Liability is \$19,211,634 .

A contribution greater than the Normal Cost plus interest on the Unfunded Actuarial Accrued Liability will reduce the Unfunded Actuarial Accrued Liability, if all other assumptions are met. A contribution less than the Normal Cost plus interest on the Unfunded Actuarial Accrued Liability will increase the Unfunded Actuarial Accrued Liability, if all other assumptions are met. Consider making a contribution greater than the Normal Cost plus interest on the Unfunded Actuarial Accrued Liability in order to pay down the Plan's shortfall more rapidly if that amount is greater than your funding policy contribution.

## Demographic Information

The foundation of a reliable actuarial report is the participant information provided by the plan sponsor. Monitoring trends in demographic information is crucial for long-term pension planning.

	January 1, 2024	January 1, 2025
<b>Participant Counts</b>		
Active Participants	278	278
Retired Participants	247	254
Beneficiaries	61	63
Disabled Participants	31	30
Terminated Vested Participants	55	55
Total Participants	672	680
<b>Active Participant Demographics</b>		
Average Age	38.9	38.7
Average Service	12.6	12.4
Average Compensation	\$96,038	\$98,932
Covered Payroll	\$26,698,496	\$27,503,202





Demographic Information (continued)

	January 1, 2024	January 1, 2025
<b>Retiree Statistics</b>		
Average Age	67.5	67.6
Average Monthly Pension Benefit	\$6,512	\$6,748
<b>Beneficiary Statistics</b>		
Average Age	75.2	76.1
Average Monthly Pension Benefit	\$4,578	\$4,757
<b>Disabled Participants Statistics</b>		
Average Age	60.0	60.5
Average Monthly Pension Benefit	\$3,969	\$4,092
<b>Terminated Participants Statistics</b>		
Average Age	36.5	36.9
Average Monthly Pension Benefit*	\$2,664	\$2,710

\* Average monthly pension benefit does not include participants eligible for a return of contributions only.

Participant Reconciliation

	Active	Terminated Vested	Disabled	Retired	Beneficiaries	Totals
<b>Prior Year</b>	278	55	31	247	61	672
<b>Active</b>						
To Retired	(10)	0	0	10	0	0
To Disabled	0	0	0	0	0	0
To Terminated Vested	(7)	7	0	0	0	0
Terminated Nonvested (return of employee contributions)	(3)	0	0	0	0	(3)
<b>Terminated Vested</b>						
To Retired	0	(1)	0	1	0	0
Return of employee contributions	0	(8)	0	0	0	(8)
<b>Disabled</b>						
To Death	0	0	(1)	0	0	(1)
<b>Retired</b>						
To Death with Beneficiary	0	0	0	(4)	0	(4)
To Death without Beneficiary	0	0	0	0	0	0
<b>Beneficiaries</b>						
To Death	0	0	0	0	(2)	(2)
Expired Child Coverage	0	0	0	0	0	0
<b>Additions</b>	20	2	0	0	4	26
<b>Departures</b>	0	0	0	0	0	0
<b>Current Year</b>	278	55	30	254	63	680

## Active Participant Schedule

Active participant information grouped based on age and service.

Age Group	Years of Service										Total	Average Pay
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up		
Under 25	5	3									8	\$69,697
25 to 29	10	21	8								39	\$75,655
30 to 34	5	13	34	14							66	\$88,390
35 to 39		5	20	19	9						53	\$97,190
40 to 44		2	2	3	33	4					44	\$110,094
45 to 49				1	11	17	3				32	\$113,558
50 to 54					3	6	13	1			23	\$126,809
55 to 59					2	3	6	2			13	\$124,284
60 to 64											0	
65 to 69											0	
70 & up											0	
Total	20	44	64	37	58	30	22	3	0	0	278	\$98,932

## Eligibility for Participation

Police Officers of the City of Rockford

## Accrual of Benefits

For employees hired prior to January 1, 2011, the normal retirement benefit is equal to 50% of the final salary plus 2.5% of any service over 20 years (with a maximum of 30) times the final salary. There is a minimum benefit of \$1,000 per month. The benefit is paid as a 100% joint and survivor benefit with the spouse, children under 18, or dependent parents of the participants as the survivor.

For employees hired after or on January 1, 2011, the normal retirement benefit is equal to 2.5% of the final average salary times benefit service (maximum 30 years.) The benefit is paid as a 66.67% joint and survivor benefit with the spouse, children under 18, or dependent parents of the participants as the survivor.

## Benefits

### Normal Retirement

Eligibility	<p>For employees hired prior to January 1, 2011, the normal retirement date is the first day of the month on or after completion of 20 years of service and attainment of age 50.</p> <p>For employees hired after or on January 1, 2011, the normal retirement date is the first day of the month on or after completion of 10 years of service and attainment of age 55.</p>
Benefit	Unreduced Accrued Benefit payable immediately.

### Early Retirement

Eligibility	<p>For employees hired prior to January 1, 2011 and terminating with less than 20 years of service</p> <p>For employees hired after or on January 1, 2011 who has attained age 50 and has 10 years of service.</p>
Benefit	<p>For those hired prior to January 1, 2011 the Accrued Benefit of 2.5% of final salary times service shall be paid at age 60.</p> <p>For those hired after or on January 1, 2011 the Accrued Benefit is reduced by 0.5% for each month prior to age 55.</p>

## Termination

Eligibility	<p>For employees hired prior to January 1, 2011, age 60 with 8 years of service.</p> <p>For employees hired after or on January 1, 2011, age 55 with 10 years of service.</p>
Benefit	Accrued benefit. Refund of contributions for employees that do not meet the eligibility criteria above.

**Disability In The Line of Duty**

Eligibility	For participants who become disabled in the line of duty.
Benefit	The greater of 65% of the final salary or the accrued benefit

**Disability Not In The Line of Duty**

Eligibility	For participants who become disabled outside of the line of duty.
Benefit	50% of the final salary

**Death In the Line of Duty**

Eligibility	For participants who die in the line of duty.
Benefit	The benefit is 100% of final salary paid to the survivor.

**Death Not In the Line of Duty**

Eligibility	For participants who die outside of the line of duty.
Benefit	For those hired before 1/1/2011 with greater than 20 years of service, a benefit of 100% of the accrued benefit is paid to the survivor. For those with more than 10 years of service, but less than 20 years of service, a benefit of 50% of the final salary is paid to the survivor.  For those hired after 1/1/2011, a benefit equal to the greater of 54% of Final Salary and 66-2/3% of the accrued benefit is paid to the survivor.

**Compensation**

Final Salary is the salary attached to the rank held on the last day of service, or one year prior to the last day, whichever is greater.

Final Average Salary is the average monthly salary obtained by dividing the total salary of the police officer during the 48 consecutive months of service within the last 60 months of service in which the total salary was the highest by the number of months of service in that period. Salary will not exceed \$106,800 adjusted from January 1, 2011 with the lesser of 3% and 50% (100% effective January 1, 2020) of the CPI on November 1.

### Credited Service

For Vesting and Benefit Accrual purposes, pension service credit is based on elapsed time from hire.

### Employee Contributions

9.91% of Compensation

### COLA

Eligibility All Employees

Benefit For employees hired prior to January 1, 2011 a compound COLA of 3% is granted each year after attainment of age 55 and 1 year of payments.

For employees hired after or on January 1, 2011 a simple COLA of the lesser of 3% and 50% of the CPI on November 1 is granted each year after attainment of age 60 and 1 year of payments.

For disabled employees, a simple COLA is available after attainment of age 60 and 1 year of payments. For employees hired prior to January 1, 2011 the COLA is 3%. For employees hired after January 1, 2011, the COLA is the lesser of 3% and 50% of the CPI on November 1.

### Plan Provisions Not Included

We are not aware of any plan provisions not included in the valuation

### Adjustments Made for Subsequent Events

We are not aware of any event following the measurement date and prior to the date of this report that would materially impact the results of this report.

Except where otherwise indicated, the following assumptions were selected by the plan sponsor with the concurrence of the actuary. Prescribed assumptions are based on the requirements of the relevant law and applicable regulations.

<b>Valuation Date</b>	January 1, 2025
<b>Participant and Asset Information Collected as of</b>	January 1, 2025
<b>Actuarial Cost Method (CO)</b>	Entry Age Normal % Salary Cost Method
<b>Amortization Method – Actuarially Determined Contribution (CO)</b>	Closed level percentage of payroll amortization of 90% of the Unfunded Actuarial Accrued Liability using a 4.00% payroll growth assumption over the period ending on December 31, 2040 (16-year amortization in 2025)
<b>Asset Method</b>	5-year smoothing of asset gains and losses
<b>Interest Rates (CO)</b>	7.10%, net of investment expenses
<b>Inflation (FE)</b>	2.50%
<b>Annual Pay Increases (FE)</b>	Recommended rates from the 2022 Consolidated Investment Fund Experience Study. Sample increases include:

<u>Service</u>	<u>Rate</u>	<u>Service</u>	<u>Rate</u>
0	11.00%	20	3.75%
5	6.00%	25	3.75%
10	4.00%	30	3.50%
15	3.75%	35	3.50%

<b>Ad-hoc Cost-of-living Increases</b>	3.0% (1.25% for those hired after 1/1/2011)
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<b>Mortality Rates (FE)</b>	
<b>Healthy (pre-commencement)</b>	Pub-2010 Public Safety Employee Mortality Table without adjustment, with generational improvement scale MP-2021 applied from 2010
<b>Healthy (post-commencement)</b>	Pub-2010 Public Safety Employee Mortality Table with 1.15 adjustment for males, with generational improvement scale MP-2021 applied from 2010 The Pub-2010 Public Safety Survivor Mortality Table with 1.15 adjustment for females, with generational improvement scale MP-2021 applied from 2010 is used for survivors
<b>Disabled</b>	Pub-2010 Disabled Retiree Mortality Table with 1.08 adjustment for males, with generational improvement scale MP-2021 applied from 2010  10% of deaths are assumed to be in the line of duty

**Retirement Rates (FE)**

Recommended rates from the 2022 Consolidated Investment Fund Experience study:

Tier I		Tier II	
<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
50-54	20%	50-54	5%
55-62	25%	55	40%
63	33%	56-62	25%
64	40%	63	33%
65-69	55%	64	40%
70+	100%	65-69	55%
		70+	100%

**Disability Rates (FE)**

Recommended rates from the 2022 Consolidated Investment Fund Experience study. Sample rates include:

<u>Age</u>	<u>Rate</u>
20	0.000%
30	0.133%
40	0.399%
50	0.675%

60% of disabilities are assumed to be in the line of duty

**Termination Rates (FE)**

Recommended rates from the 2022 Consolidated Investment Fund Experience study. Sample rates include:

<u>Service</u>	<u>Rate</u>
0	13.00%
5	4.50%
10	2.25%
14+	1.25%

**Marital Status and Ages (FE)**

80% of participants are assumed to be married with female spouses 3 years younger.

**Expense Load**

Equal to the administrative expenses paid in the prior year.

**Funding Policy**

Statutory minimum contribution, with additional funding at the discretion of the City.

FE indicates an assumption representing an estimate of future experience

MD indicates an assumption representing observations of estimates inherent in market data

CO indicates an assumption representing a combination of an estimate of future experience and observations of market data



The actuarial report also shows the necessary items required for plan reporting and any state requirements.

- ✓ Minimum contribution (Public Act 096-1495 Tax Levy Requirement)
- ✓ Low-Default-Risk Obligation Measure (LDROM)

**Minimum Contribution (Public Act 096-1495 Tax Levy Requirement)**

	January 1, 2025
1. Accrued liability using projected unit credit cost method	\$451,353,250
2. 90% of Accrued liability	\$406,217,925
3. Actuarial value of assets	<u>232,266,989</u>
4. Unfunded liability to be amortized [(2)-(3)]	\$173,950,936
5. Total normal cost using projected unit credit cost method	\$6,152,438
6. Administrative expenses	165,023
7. 16-year level pay amortization of (4)	13,427,779
8. Applicable interest	<u>1,401,912</u>
9. Minimum contribution (5 + 6 + 7 + 8)	\$21,147,152
10. Expected employee contributions	<u>2,919,082</u>
11. Net employer minimum contribution (9 – 10)	\$18,228,070

**Actuarial Cost Method**

Projected Unit Credit

**Amortization Method**

Closed level percentage of payroll amortization of 90% of Unfunded Actuarial Accrued Liability using a 4.00% payroll growth assumption over the period ending on December 31, 2040 (16-year amortization in 2025)

**Asset Method**

5-year smoothing of asset gains and losses

**Interest Rate**

7.10%, net of investment expenses

The statutory minimum contribution outlined in Illinois statutes targets reaching 90% funded on a Projected Unit Credit basis by 2040. By design this results in the unfunded actuarial accrued liability not being fully funded by the end of the amortization period. This was put in place as temporary budget relief and should not be viewed as a viable long term contribution strategy.

### **Low-Default-Risk Obligation Measure (LDROM)**

For reports issued after February 15, 2023 the Plan's actuary is generally required to disclose liabilities under an alternative low-default-risk based discount rate. This LDROM liability measure represents the estimated asset value as of the measurement date the Plan would need in order to purchase a low-default-risk fixed income securities portfolio with durations that are reasonably consistent with the timing of benefits expected to be paid from the plan.

	<b>January 1, 2025</b>
LDROM liability	\$ (555,102,163)
Market value of assets	<u>\$ 228,710,401</u>
LDROM funded status	\$ (326,391,762)

The LDROM liability measure is for informational purposes only. The plan sponsor has no requirements to contribute to the Plan to meet this threshold.

If Plan assets are invested to earn in excess of a fixed income portfolio, a shortfall on this basis may not necessarily mean the security of participant benefits is at risk. If the plan is fully funded, or nearly fully funded, on the LDROM measure, the plan sponsor may want to consider reducing investment risk in order to offer greater benefit security and lower contribution volatility. We did not perform an analysis of assumption or provision changes resulting from a potential shift in investment policy due to the limited scope of our engagement.

The above LDROM liability measure applies a single effective discount rate of 5.65% which would produce approximately the same discounted cashflows as the FTSE Above Median AA Curve as of December 31, 2024. All other data, assumptions, methods and provisions are the same as those detailed in this report.