

**INTERLOCAL AGREEMENT  
FOR  
COOPERATIVE PURCHASING  
FOR  
ACTUARIAL SHARED SERVICES**

THIS INTERLOCAL AGREEMENT ("Agreement"), made and entered into pursuant to the Texas Interlocal Cooperation Act, Chapter 791, Texas Government Code (the "Act"), by and between the North Central Texas Council of Governments, hereinafter referred to as "NCTCOG," having its principal place of business at 616 Six Flags Drive, Arlington, Texas 76011, and (name of entity) Polk County, Texas a local government, created and operated to provide one or more governmental functions and services, hereinafter referred to as "Participant," having its principal place of business at:

**WITNESETH**

**WHEREAS**, NCTCOG is a regional planning commission and political subdivision of the State of Texas operating under Chapter 391, Texas Local Government Code; and

**WHEREAS**, pursuant to the Act, NCTCOG is authorized to contract with eligible entities to perform governmental functions and services, including the development of a standard approach for acquiring actuarial services; and

**WHEREAS**, in reliance on such authority, NCTCOG has a cooperative purchasing program under which it contracts with eligible entities under the Act; and

**WHEREAS**, Participant has represented that it is an eligible entity under the Act, that by Administrative Action has authorized this Agreement on (Date)\* August 11, 2009 and that it desires to contract with NCTCOG on the terms set forth below;

**NOW, THEREFORE**, NCTCOG and the PARTICIPANT do hereby agree as follows:

**ARTICLE 1: LEGAL AUTHORITY**

The Participant represents and warrants to NCTCOG that (1) it is eligible to contract with NCTCOG under the Act because its a local government, as defined in the Act, and (2) it possesses adequate legal authority to enter into this Contract.

**ARTICLE 2: APPLICABLE LAWS**

NCTCOG and the Participant agree to conduct all activities under this Agreement in accordance with all applicable rules, regulations, and ordinances and laws in effect or promulgated during the term of this Agreement.

**ARTICLE 3: WHOLE AGREEMENT**

This Agreement and any attachments, as provided herein, constitute the complete contract between the parties hereto, and supersede any and all oral and written agreements between the parties relating to matters herein.

**ARTICLE 4: BILLINGS**

Billings will be generated for the Actuarial Shared Services through Gabriel Roeder Smith & Company and will include an Administrative Fee of \$100 per valuation cycle (annually or biennially) payable to NCTCOG.

**ARTICLE 5: CHANGES AND AMENDMENTS**

This Agreement may be amended only by a written amendment executed by both parties, except that any alternations, additions, or deletions to the terms of this Agreement which are required by changes in Federal and State law or regulations are automatically incorporated into this Agreement without written amendment hereto and shall become effective on the date designated by such law or regulation.

NCTCOG reserves the right to make changes in the scope services offered through the Cooperative Purchasing Program to be performed hereunder.

THIS INSTRUMENT HAS BEEN EXECUTED IN TWO ORIGINALS BY THE PARTIES HERETO AS FOLLOWS:

*\*Denotes required fields*

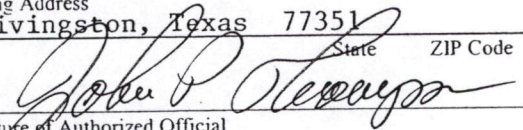
NOTE: Facsimile copies of this document shall not be acceptable as ORIGINALS.

Interstate v1 rev. 10/05

\* **Polk County, Texas**  
 Name of Participant (*local government, agency, or non-profit corporation*)

\* **101 W. Church, Ste. 300**  
 Mailing Address

\* **Livingston, Texas 77351**  
 City State ZIP Code

\*By:   
 Signature of Authorized Official

\* **John P. Thompson**  
 Typed Name of Authorized Official

\* **County Judge** **8/11/09**  
 Typed Title of Authorized Official Date

**North Central Texas Council of Governments**  
 616 Six Flags Drive, Arlington, Texas 76011

\*By: \_\_\_\_\_  
 Signature of Authorized Official

\* \_\_\_\_\_  
 Typed Name of Authorized Official

\* \_\_\_\_\_  
 Typed Title of Authorized Official Date

## MASTER AGREEMENT

Pursuant to the award of Joint Actuarial Services by the North Central Texas Council of Governments (NCTCOG), this agreement confirms the terms under which the POLK COUNTY, TEXAS (name of government) hereinafter referred to as 'CONTRACTING GOVERNMENT' has engaged Gabriel, Roeder, Smith & Co. hereinafter referred to as "GRS" to perform actuarial consulting services. In as much as this relationship will involve several actuarial reviews and other services that will be governed by the Request for Proposal issued by NCTCOG on May 31, 2006 and our subsequent response to that proposal, we have agreed to establish this "master agreement" defining the general terms and conditions for all work performed.

This agreement will not, by itself, authorize the performance of any services. Rather specific services will be authorized through a separate engagement letter that references this master agreement and details the services to be provided and the timeframe and fees required. In the event of an inconsistency between this master agreement and an individual engagement letter, the master agreement will be followed.

As described in the above referenced Request for Proposal the following terms apply:

- A. **Tax Exempt Entities.** CONTRACTING GOVERNMENT is exempt from manufacturer's federal excise tax and states sales tax. Tax exemption certificates will be issued upon request.
- B. **Role of NCTCOG.** NCTCOG has served as a facilitator to the RFP and award process but the contractual relationship is between GRS and the CONTRACTING GOVERNMENT.
- C. **Aggregate Information.** GRS agrees to supply NCTCOG with the specified results from the valuations and to aggregate that information with that of other governments for the purpose of benchmarking.
- D. **Fees.** GRS agrees to follow the attached pricing schedule ("Attachment A") for pricing of its services.
- I. **Review of Charges.** CONTRACTING GOVERNMENT has the right to review the supporting documentation for any hourly charges or out of pocket expenses assessed to the CONTRACTING GOVERNMENT under the fee schedule.
- J. **Termination.** Both CONTRACTING GOVERNMENT and GRS will have the right to terminate this agreement through written notice. CONTRACTING GOVERNMENT will pay any charges or prorate fees incurred to the date the termination notice is received and actuary will cease any in progress work unless specific stopping points are provided in the letter.

- K. **Work Product.** The final work product will be the property of the CONTRACTING GOVERNMENT to be used as stated in the specific engagement letter. Ancillary use of the product is permitted but GRS is not responsible for the reliability of those projections. It is understood that all reports are subject to the open records laws of the State of Texas and the contracting jurisdiction.
- L. **Independent Contractor.** All the services provided by GRS will be as an independent contractor. None of the terms in the engagement letter will be interpreted to create an agency or employment relationship.
- M. **Biennial Reviews.** CONTRACTING GOVERNMENT agrees to provide census data in off years using the same cut off date and delivery dates as used for the year of review. Actuary agrees to review the off year census data and provide CONTRACTING GOVERNMENT with timely feedback regarding deficiencies in the data.
- N. **Term.** The term of this master agreement will be governed by the afore referenced NCTCOG RFP and will expire on September 30, 2012.
- O. **Complete Agreement.** This letter combined with the specific engagement letter and as clarified by the RFP and Proposal set forth the entire agreement between the CONTRACTING GOVERNMENT and GRS.
- P. **Indemnification.** GRS covenants and agrees to indemnify and hold harmless and defend and does hereby indemnify, hold harmless, and defend NCTCOG and CONTRACTING GOVERNMENTS, its officers and employees, from and against any and all suits or claims for damages or injuries, including death, to persons or property, whether real or asserted, arising out of any negligent act or omission on the part of the contractor, its officers, agents, servants, employees, or subcontractors, and the contractor does hereby assume all liability for injuries, claims or suits for damages to persons, property, or whatever kind of character, whether real or asserted, occurring during or arising out of the performance of a contract as a result of any negligent act or omission on the part of the contractor, its officers, agents, servants, employees, or subcontractors to the extent permitted by law. Please review this master agreement letter and the attached schedules and indicate your acceptance by having an official of CONTRACTING GOVERNMENT sign below.
- Q. **Force Majeure.** A force majeure event shall be defined to include governmental decrees or restraints, acts of God (except that rain, wind, flood or other natural phenomena normally expected for the locality, shall not be construed as an act of God), work stoppages due to labor disputes or strikes, fires, explosions, epidemics, riots, war, rebellion, and sabotage. If a delay or failure of performance by either party to this contract results from the occurrence of a force majeure event, the delay

shall be excused and the time fixed for completion of the work extended by a period equivalent to the time lost because of the event.

- R. **Professional Standards.** GRS will provide qualified personnel for each engagement and follow all professional standards ascribed by the American Academy of Actuaries and the Governmental Accounting Standards Board.

GABRIEL, ROEDER, SMITH & CO.

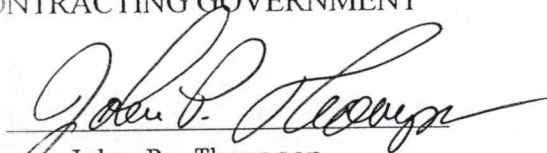
By: \_\_\_\_\_

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

Title: \_\_\_\_\_

CONTRACTING GOVERNMENT

By



John P. Thompson

Date: August 11, 2009

Title: County Judge

## Attachment A

## Pricing of Services – Calendar Year 2007\*

Employer					
	Governments by Total OPEB Participants	Annual	Biennial	First Year Options Study	Hourly Rate for Additional Services
1	Less than 100-Insured 1 health plan	\$4,000	\$5,000	\$750/Study	See Below
1a	Less than 100-per additional health or retirement plan	\$1,000	\$1,000	\$750/Study	See Below
2	Between 100 and 249-Insured 1 health plan	\$4,500	\$5,500	\$750/Study	See Below
2a	Between 100 and 249-per additional health or retirement plan	\$1,000	\$1,000	\$750/Study	See Below
3	Between 100 and 249-Self Insured 1 health plan	\$6,000	\$7,000	\$750/Study	See Below
3a	Between 100 and 249-per additional self insured health or retirement plan	\$1,000	\$1,000	\$750/Study	See Below
4	Between 250 and 499-Insured 1 health plan	\$4,500	\$5,500	\$750/Study	See Below
4a	Between 250 and 499-per additional health or retirement plan	\$1,000	\$1,000	\$750/Study	See Below
5	Between 250 and 499-Self Insured 1 health plan	\$6,000	\$7,000	\$750/Study	See Below
5a	Between 250 and 499-per additional self insured health or retirement plan	\$1,000	\$1,000	\$750/Study	See Below
6	Between 500 and 749-Insured 1 health plan	\$4,500	\$5,500	\$750/Study	See Below
6a	Between 500 and 749-per additional health or retirement plan	\$1,000	\$1,000	\$750/Study	See Below
7	Between 500 and 749-Self Insured 1 health plan	\$6,000	\$7,000	\$750/Study	See Below
7a	Between 500 and 749-per additional self insured health or retirement plan	\$1,000	\$1,000	\$750/Study	See Below
8	Between 750 and 999-Insured 1 health plan	\$4,500	\$5,500	\$750/Study	See Below
8a	Between 750 and 999-per additional health or retirement plan	\$1,000	\$1,000	\$750/Study	See Below
9	Between 750 and 999-Self Insured 1 health plan	\$6,000	\$7,000	\$750/Study	See Below
9a	Between 750 and 999-per additional self insured health or retirement plan	\$1,000	\$1,000	\$750/Study	See Below
10	Between 1000 and 1499-Insured 1 health plan	\$5,000	\$6,000	\$750/Study	See Below
10a	Between 1000 and 1499-per additional health or retirement plan	\$1,000	\$1,000	\$750/Study	See Below

11	Between 1000 and 1499-Self Insured 1 health plan	\$6,500	\$7,500	\$750/Study	See Below
11a	Between 1000 and 1499-per additional self insured health or retirement plan	\$1,000	\$1,000	\$750/Study	See Below
12	Between 1500 and 1999-Insured 1 health plan	\$5,000	\$6,000	\$750/Study	See Below
12a	Between 1500 and 1999-per additional health or retirement plan	\$1,000	\$1,000	\$750/Study	See Below
13	Between 1500 and 1999-Self Insured 1 health plan	\$6,500	\$7,500	\$750/Study	See Below
13a	Between 1500 and 1999-per additional self insured health or retirement plan	\$1,000	\$1,000	\$750/Study	See Below
14	Between 2000 and 2499-Insured 1 health plan	\$5,000	\$6,000	\$750/Study	See Below
14a	Between 2000 and 2499-per additional health or retirement plan	\$1,000	\$1,000	\$750/Study	See Below
15	Between 2000 and 2499-Self Insured 1 health plan	\$6,500	\$7,500	\$750/Study	See Below
15a	Between 2000 and 2499-per additional self insured health or retirement plan	\$1,000	\$1,000	\$750/Study	See Below
16	Between 2500 and 5000-Self Insured 1 health plan	\$7,000	\$8,000	\$750/Study	See Below
16a	Between 2500 and 5000-per additional self insured health or retirement plan	\$1,500	\$1,500	\$750/Study	See Below

Plans (if applicable)					
	Governments by Total OPEB Participants	Annual	Biennial	First Year Options Study	Hourly Rate for Additional Services
1	Less than 100-Insured 1 health plan	\$0	\$0	\$750/Study	See Below
1a	Less than 100-per additional health or retirement plan	\$0	\$0	\$750/Study	See Below
2	Between 100 and 249-Insured 1 health plan	\$0	\$0	\$750/Study	See Below
2a	Between 100 and 249-per additional health or retirement plan	\$0	\$0	\$750/Study	See Below
3	Between 100 and 249-Self Insured 1 health plan	\$0	\$0	\$750/Study	See Below
3a	Between 100 and 249-per additional self insured health or retirement plan	\$0	\$0	\$750/Study	See Below
4	Between 250 and 499-Insured 1 health plan	\$0	\$0	\$750/Study	See Below
4a	Between 250 and 499-per additional health or retirement plan	\$0	\$0	\$750/Study	See Below
5	Between 250 and 499-Self Insured 1 health plan	\$0	\$0	\$750/Study	See Below
5a	Between 250 and 499-per additional self insured health or retirement plan	\$0	\$0	\$750/Study	See Below
6	Between 500 and 749-Insured 1 health plan	\$0	\$0	\$750/Study	See Below
6a	Between 500 and 749-per additional health or retirement plan	\$0	\$0	\$750/Study	See Below
7	Between 500 and 749-Self Insured 1 health plan	\$0	\$0	\$750/Study	See Below
7a	Between 500 and 749-per additional self insured health or retirement plan	\$0	\$0	\$750/Study	See Below
8	Between 750 and 999-Insured 1 health plan	\$0	\$0	\$750/Study	See Below
8a	Between 750 and 999-per additional health or retirement plan	\$0	\$0	\$750/Study	See Below
9	Between 750 and 999-Self Insured 1 health plan	\$0	\$0	\$750/Study	See Below
9a	Between 750 and 999-per additional self insured health or retirement plan	\$0	\$0	\$750/Study	See Below
10	Between 1000 and 1499-Insured 1 health plan	\$0	\$0	\$750/Study	See Below
10a	Between 1000 and 1499-per additional health or retirement plan	\$0	\$0	\$750/Study	See Below
11	Between 1000 and 1499-Self Insured 1 health plan	\$0	\$0	\$750/Study	See Below
11a	Between 1000 and 1499-per additional self insured health or retirement plan	\$0	\$0	\$750/Study	See Below
12	Between 1500 and 1999-Insured 1 health plan	\$0	\$0	\$750/Study	See Below



4812 a	Between 1500 and 1999-per additional health or retirement plan	\$0	\$0	\$750/Study	See Below
13	Between 1500 and 1999-Self Insured 1 health plan	\$0	\$0	\$750/Study	See Below
13a	Between 1500 and 1999-per additional self insured health or retirement plan	\$0	\$0	\$750/Study	See Below
14	Between 2000 and 2499-Insured 1 health plan	\$0	\$0	\$750/Study	See Below
14a	Between 2000 and 2499-per additional health or retirement plan	\$0	\$0	\$750/Study	See Below
15	Between 2000 and 2499-Self Insured 1 health plan	\$0	\$0	\$750/Study	See Below
15a	Between 2000 and 2499-per additional self insured health or retirement plan	\$0	\$0	\$750/Study	See Below
16	Between 2500 and 5000-Self Insured 1 health plan	\$0	\$0	\$750/Study	See Below
16a	Between 2500 and 5000-per additional self insured health or retirement plan	\$0	\$0	\$750/Study	See Below

- ❖ For the first valuation, the prices above include a mandatory kick-off meeting to begin the project and a meeting to present the findings. If the second meeting can take place either via web cast or through a conference call, we will discount the above valuation fees by \$500.
- ❖ For subsequent valuations, we anticipate the kickoff meeting to be via conference call or web cast. For any participant, if the meeting to present the results can take place either via web cast or through a conference call, we will discount the above valuation fees by \$500.
- ❖ Pricing assumes 20% paid upon acceptance by the government of the engagement, 50% upon receipt of the draft report and 30% upon acceptance of the final report.
- ❖ Fees for additional services and optional services that are not determined as 'basic' will be based on the following rates:

GRS Position Title	Hourly Rates
Senior Consultant	\$350
Consultants	\$275
Senior Analysts	\$175
Actuarial Analysts	\$150
Systems Analysts and Programmers	\$200
Administrative Support Staff	\$110

\*Prices will be adjusted annually beginning in January 2008 based on changes in the Consumer Price Index, All Urban Consumers, on a December over December basis. Current rates for your plan are reflected in the engagement agreement sent with this document.

Aug 05, 2009

Mr. Ray Stelly  
County Auditor  
Polk County, Texas  
602 E. Church St.  
Suite 108  
Livingston, TX 77351

**Re: Pricing Estimate for GASB OPEB Valuation for Polk County, Texas**

Dear Mr. Stelly,

You have requested a pricing quote for a GASB 45 actuarial valuation under the Shared Services arrangement provided by Gabriel, Roeder, Smith & Co (GRS) and North Central Texas Council of Governments (NCTCOG).

Based on the information you provided, the estimated cost of services for Polk County, Texas is \$4,680. This price is based on receiving data in the standard GRS format and using the following assumptions:

Number of Participants	100 - 999
Insured or Self-Funded	Insured*
Retirement Plans	1. TCDRS
Health Plans	1. Texas Association of Counties

\* An additional fee of \$1,560 will be added if claims experience is required

If other assumptions are identified, a revised proposal letter will be prepared by GRS. Also, additional fees may apply if the data is not received in standard format.

**Basic Services**

Basic services provided through the Shared Services program will include:

- Actuarial valuation of employer OPEB in compliance with the requirements of paragraphs 11-27 of GASB 45. Valuations can be performed annually or biennially and will include:
  - > A measurement of the actuarial liability, present value of projected benefits and normal cost as of the valuation date

Mr. Ray Stelly  
Aug 05, 2009  
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- > The estimated actuarially determined contribution for the applicable fiscal years
  - > The estimated annual required contribution and accounting expense for the applicable fiscal years as required under GASB Statement Nos. 43 and 45
  - > Information needed to complete the "Notes to the Financial Statement" and "Required Supplementary Information" as defined in paragraphs 30 and 31 of GASB No. 43
  - > Information needed to complete the "Notes to the Financial Statement" and "Required Supplementary Information" as defined in paragraphs 24, 25 and 26 of GASB No. 45
  - > Required Supplementary Information as defined in paragraph 26 of the GASB 45
  - > Sensitivity analysis for health care trend rates, providing valuation results based on a higher and a lower health care trend
  - > A hypothetical set of actuarial results using an alternative discount rate based on pre-funding
- Two in person or conference call meetings as mutually agreed upon by Polk County, Texas and GRS. Out of pocket travel expenses for governments located 100 miles or more from downtown Houston or DFW Airport will be charged to the government.
  - Access to GRS' web based Aggregate Reporting Module. This module allows for benchmarking of valuations for all members of the Shared Services program. The Aggregate Reporting Module includes current and historical information on plan provisions, assumptions, and actuarial results.

### **Options Study**

It is anticipated that Polk County, Texas may want to consider what the options are for mitigating their OPEB liability either in the first year or first two years. These Options studies would include alternative discount rates, alternative healthcare trend rates, benefit capitations, changes in retiree cost sharing, and possibly changes in eligibility requirements. The cost for this Options study will be \$780 per study.

Other studies may not be covered under the fixed fee amount above. If a study is not included in the fixed fee pricing, the hourly rates shown in "Additional Services" below will apply. GRS will provide written documentation of our understanding of the service(s) requested, the estimated number of hours by employee class, total costs and project timeline.

### **Additional Services**

Mr. Ray Stelly  
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Fees for additional consulting services not included under Basic Services or included in the fixed fee Options studies will be priced separately upon request and will be based on the following hourly rates:

<i>GRS Resource Classification</i>	<i>Hourly Rates</i>
Senior Consultant	\$364
Consultants	\$286
Senior Analysts	\$182
Actuarial Analysts	\$156
Systems Analysts and Programmers	\$208
Administrative Support Staff	\$115

Pricing assumes 20% paid upon acceptance by the government of the engagement, 50% upon receipt of the draft report and 30% upon acceptance of the final report. Pricing also assumes annual valuations. For Biennial valuations, an additional \$1,040 is added to the price and GRS will provide the OPEB cost for the off year as a percentage of covered payroll and will walk forward the Net OPEB Obligation.

Prices will be adjusted annually in January based on changes in the Consumer Price Index, All Urban Consumers, on a December over December basis.

A copy of this proposal letter will be made a part of the engagement agreement between Polk County, Texas and GRS.

If you have any questions or need additional information please don't hesitate to e mail us at [NCTCOG.sharedservices@gabrielroeder.com](mailto:NCTCOG.sharedservices@gabrielroeder.com) or call either Jim Schaefer at 469/524-1808 or Joe Newton at 469/524-1807.

Thank you for your interest in the Shared Services program.

**Gabriel, Roeder, Smith & Company**