



May 15, 2023

Mr. Louis Ploth  
County Auditor  
Polk County  
602 E. Church Street, #108  
Livingston, TX 77351

**Re: Engagement Letter for the December 31, 2022 OPEB valuation and the GASB 74/75 Valuation Reports for fiscal years ending 2023 and 2024.**

Dear Mr. Ploth,

You have requested a pricing quote for a GASB 74/75 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 cost of services for Polk County is \$15,565. This price is based on receiving data in the standard GRS format and using the following assumptions:

Pricing Category	Pricing Parameters	Fee
Annual or Biennial	Biennial	
Number of Participants	200 - 499	\$11,600
Claims Analysis Required	No	\$0
Health Plans	1. TAC/BCBS 2. Medicare Supplement & Rx plans	\$665
Retirement Plans	1. TCDRS	\$0
Life Insurance Benefit	No	\$0
Implicit Subsidy Only Discount	Not Eligible	\$0
Plan Change Not Previously Valued	No	N/A
OPEB Trust or Equivalent Arrangement	Yes	\$2,000
Single Discount Rate Test	Yes	\$1,300
Plan Only Reporting Package	No	\$0
Cost Sharing Schedules for Primary Government and Component Units	No	\$0
Calculation of an Actuarially Determined Contribution	No	\$0
<b>Total</b>		<b>\$15,565</b>

**Basic Services**

- Actuarial valuation of employer OPEB in compliance with the requirements of GASB Statements No. 74 and No. 75. The valuation report will include, but is not limited to, the following:
  - > The updated Net OPEB Liability, based on the appropriate discount rate for the reporting period.
  - > A reconciliation of the Total OPEB Liability, which shows, among other items, the impact of benefit changes, assumption changes, and demographic gains/losses separately.
  - > The OPEB expense and supplementary information required by GASB 74/75.
  - > The characteristics of covered active members, retirees, and beneficiaries and other information required for the note disclosures.
  - > A statement of outflows and inflows arising from the current reporting period.
  - > A statement of outflows and inflows to be recognized in future OPEB expense.
  - > A sensitivity analysis providing the Net OPEB Liability based on a 1% higher and 1% lower discount rate.
  - > A sensitivity analysis providing the Net OPEB Liability based on a 1% higher and 1% lower health care trend assumption.

**Billing Schedule**

GRS pricing assumes 30% paid upon acceptance by the government of the engagement, 40% upon delivery of the draft full valuation, and 30% upon delivery in the second year of the rolled forward report.

The Master Agreement allows for automatic fee increases based on changes in the Consumer Price Index (CPI), starting in January of 2019. Any CPI related increases will not apply to the fees in this schedule until the next valuation cycle. In March 2023, the NCTCOG approved an amendment with an updated fee schedule to better align fees with services provided.

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**Basic Options Study**

It is anticipated that Polk County may want to consider options for mitigating its OPEB liability. Basic Options studies would include alternative discount rates, alternative healthcare trend rates, benefit capitations, and changes in retiree cost sharing. The cost for a Basic Options study will be \$1,515 per study.

Fees for plan redesign studies that are not considered basic will be communicated after the specifics of the proposed plan changes are discussed.

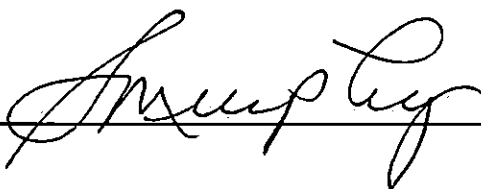
**Additional Services**

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:

<u>GRS Resource Classification</u>	<u>Hourly Rates</u>
Lead Actuary	\$385
Actuarial Staff	\$245
Support Staff	\$215

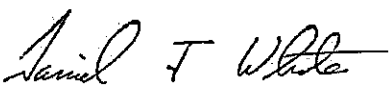
A copy of this engagement letter will be made a part of the master agreement between Polk County and GRS.

POLK COUNTY, TX

  
\_\_\_\_\_

August 22, 2023  
Date

GABRIEL, ROEDER, SMITH & COMPANY

  
\_\_\_\_\_

Daniel J. White, Regional Director

5/15/2023  
Date

AMENDMENT #5  
to  
**MASTER SERVICES AGREEMENT #2017-02**  
**OTHER POST EMPLOYMENT BENEFITS (OPEB) ACTUARIAL VALUATIONS**

This AMENDMENT to the **MASTER SERVICES AGREEMENT FOR OTHER POST EMPLOYMENT BENEFITS ACTUARIAL VALUATIONS** ("Amendment") is made and entered into as of the Effective Date stated herein, by and between the **NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**, a Texas non-profit corporation, hereinafter referred to as "NCTCOG", and **GABRIEL, ROEDER, SMITH & COMPANY**, hereinafter referred to as "Service Provider", (collectively, "the Parties").

**WHEREAS**, the Parties entered into a **MASTER SERVICES AGREEMENT FOR OTHER POST EMPLOYMENT BENEFITS ACTUARIAL VALUATIONS** on June 13, 2017, (the "Original Contract").

**WHEREAS**, Article VII of the Original Agreement allows for amendments to the Original Agreement.

**WHEREAS**, Article VI of the Original Agreement allows for two additional two-year renewal periods.

**WHEREAS**, the Parties agree to revise Attachment B, by executing an adjustment of fees pursuant to Subsection D, Pricing Assumptions.

**NOW, THEREFORE**, in consideration of the mutual covenants expressed herein, each of NCTCOG and the Service Provider mutually covenant and agree as follows:

- Exercise the first two-year optional renewal period, extending the Original Agreement to June 12, 2025.
- The Parties agree to revise Attachment B, by executing an adjustment of fees pursuant to Subsection D, Pricing Assumptions. Fees will be increased by 5.0% in 2023 and by 3.5% in 2024.


Year	Fee Increase
2023	5%
2024	3.5%

This Amendment binds and benefits both Parties and any successors or assigns. This document, including the Original Agreement, is the entire agreement between the Parties.

All other terms of the Original Contract remain unchanged.

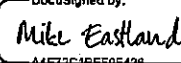
IN WITNESS WHEREOF, the Parties have executed this Amendment at Arlington, Tarrant County, Texas the 29 day of March, 2023 (the "Effective Date").

**GABRIEL, ROEDER, SMITH & COMPANY**

  
\_\_\_\_\_  
Signature

Daniel J White  
Printed Name

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**

DocuSigned by:  
  
\_\_\_\_\_  
Signed

R. Michael Eastland  
Executive Director