

# Master Agreement

## Other Post Employment Benefits (OPEB) Actuarial Valuations

Pursuant to the award of RFP NCT-2017-02 (Other Post Employment Benefits (OPEB) Actuarial Valuations) by the North Central Texas Council of Governments (NCTCOG), this agreement confirms the terms under which

City of Pflugerville

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 (RFP # NCT-2017-02) issued by NCTCOG on January 4, 2017 and our contract with NCTCOG, we have agreed to establish this “master agreement” defining the general terms and conditions for all work performed for the CONTRACTING GOVERNMENT.

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 required fees. 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 the CONTRACTING GOVERNMENT 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. Fees are subject to inflation adjustments starting in January of 2019. The fees associated with each valuation cycle will be provided in a separate engagement letter.
- E. **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.

- F. **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.
- G. **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.
- H. **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.
- I. **Term.** The term of this master agreement will be governed by the afore referenced NCTCOG RFP and will expire on June 30, 2023.
- J. **Complete Agreement.** This agreement 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.
- K. **Indemnification.** GRS covenants and agrees to indemnify and hold harmless and defend and does hereby indemnify, hold harmless, and defend CONTRACTING GOVERNMENT, 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 this 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.
- L. **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.

M. **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 \_\_\_\_\_

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

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

## ATTACHMENT A

### Pricing Schedule – Calendar Years 2017 and 2018

	Plan Basic Services		
	Governments by Total OPEB Participants (Actives and Retirees)	Annual	Biennial
P1	Less than 100	\$7,200	\$9,400
P2	Between 100 to 199	\$7,200	\$9,400
P3	Between 200 and 499	\$7,900	\$10,200
P4	Between 500 and 999	\$9,400	\$11,800
P5	Between 1,000 and 2,499	\$10,700	\$13,200
P6	Between 2,500 and 4,999	\$11,600	\$14,200
P7	Between 5,000 and 7,500	\$14,700	\$17,400
P8	Greater than 7,500	\$17,800	\$20,600
	Plan Features Resulting in Additional Cost (Discount) to Basic Services	Annual	Biennial
P9	Self-Insured Healthcare Plans	\$2,100	\$2,100
P10	Cost per additional healthcare plan option (high deductible, HMO, PPO etc.)	\$600	\$600
P11	Cost per additional retirement plan covered by the same OPEB plan	\$1,700	\$1,700
P12	Implicit subsidy only plans	-\$2,000	-\$2,000
P13	Plan change not previously valued (Basic)*	\$1,300	\$1,300
P14	Plan change not previously valued (Non-Basic)*	To be quoted	To be quoted
P15	OPEB Trust or Equivalent Arrangement	\$500	\$1,250
P16	Single Discount Rate Test	\$1,000	\$1,000
P17	Data Processing Charge**	To be quoted	To be quoted

\* The impact of plan changes which are deemed significant need to be measured under GASB 74/75. A Basic or Non-Basic fee will apply anytime a plan change impact needs to be separately measured. No fee will apply if GRS has already measured the impact of the plan change.

\*\* GRS fees are based on receiving census and claims data in the requested format. If data is provided in a different format or in multiple files, GRS will discuss an "out-side of scope" data fee charge with the Client before proceeding with the valuation.

	<b>Optional Services</b>	
O1	Updating actuarial valuations to the measurement date	\$1,500
O2	Upgrade roll-forward to full valuation	\$3,300
O3	Plan only reporting package for separately issued financial statements	\$800
O4	Cost Sharing schedules for primary government and component units	To be quoted
O5	Pricing valuation for OPEB plan changes (Basic)	\$1,300
O6	Pricing valuation for OPEB plan changes (Non-Basic)	To be quoted
O7	Experience Study	To be quoted
	Consulting on active health plans:	
O8	Pricing of premiums for self-insured health plans	To be quoted
O9	Cost trend analysis	To be quoted
O10	Hourly rate for additional services-responsible actuary	\$330
O11	Hourly rate for other actuarial staff	\$215
O12	Hourly rate for additional services-support staff	\$185
O13	In person meeting/presentation-per meeting*	\$1,300
O14	Calculation of an Actuarially Determined Contribution	To be quoted
O15	Money-weighted rate of return	\$500
O16	Initial GASB 75 report based on roll-forward of a previously completed GRS GASB 45 Valuation	\$2,500
O17	Initial GASB 74/75 report based on Roll-forward of a previously completed GRS GASB 45 Valuation**	\$4,000

\*Fee for in-person meeting/presentation does not include travel expenses. Fees for travel outside the Dallas/Fort Worth metroplex will be the responsibility of the employer.

\*\*Fee will be reduced by \$1,000 if a Blended Discount Rate test is not needed.

#### **PRICING ASSUMPTIONS**

- Pricing assumes that all participating entities offer basic vision and dental and life insurance to employees and retirees
- Pricing assumes for annual valuations: 50% paid upon initiation of the work and 50% upon receipt of the draft report. For biennial valuations 30% upon initiation of the work, 40% upon delivery of the draft valuation and 30% upon delivery in the second year of the rolled forward report.
- Number of OPEB participants will be determined as of the date the valuation is performed.
- Pricing will be held constant until January 2019 (approximately one and half years after contract award) and then be adjusted in relation to the Consumer Price Index-All Urban Consumers annually for each of the remaining six years. Starting in January 2019, the fees increase based on the November over November increase to the CPI-U. For example, the fees for 2019 would be increased by the change in the CPI-U from November 2017 to November 2018. Annual fee increases must be approved by the NCTCOG, and the NCTCOG has the right to limit the CPI related fee increase in any year. Once an annual or biennial valuation fee is agree to, CPI related fee increases would not impact the valuation fee for that particular valuation cycle. CPI related fee increases would apply to the next valuation cycle.