

Robert P. Astorino
County Executive

Department of Budget
Lawrence C. Soule
Budget Director

11785

Date: May 25, 2010

To: Honorable Members of the Board of Acquisition and Contract

From: Lawrence C. Soule, Commissioner
Department of the Budget

RE: Authority to enter into an agreement with SGRisk, LLC, for the provision of actuarial services, for the period from June 1, 2010 through May 31, 2015, for an amount not-to-exceed \$72,000 in any one year of the contract and a total amount not-to-exceed \$360,000.

Authority is respectfully requested for the County of Westchester (the "County") to enter into an agreement with SGRisk, LLC ("SGRisk"), for the provision of actuarial services, for the period from June 1, 2010 through May 31, 2015, for an amount not-to-exceed \$72,000 in any one year of the contract and a total amount not-to-exceed \$360,000, pursuant to an approved budget.

Pursuant to the terms of the proposed agreement, SGRisk will provide actuarial services pertaining to the County's Health Insurance Fund with respect to GASB 45, Casualty Reserve Fund, and Workers Compensation Fund. These actuarial services will include:

- 1) An actuarial analysis and estimate of the County's liabilities, on a quarterly basis, in accordance with Government Accounting Standards Board ("GASB") Rule 10.
- 2) An actuarial analysis and estimate of the County's funding requirements for self-insured exposures for the County's budget years 2010 through 2015, inclusive. Funding requirements will be based on several factors, including:
 - a. The County's payout patterns
 - b. The County's report patterns
 - c. The County's reserving practices
 - d. Interest rate assumptions as discussed with the County Budget Director
 - e. Projected market analysis comparison to the County's expenditure as it relates to health insurance
 - f. Recommended percentage trend increases in health care cost

- 3) An actuarial analysis and estimate of the County's required funding to provide prudent reserve levels for its self-insured exposures for each prior fiscal year until the year 2015, which will include reserves for all the prior fiscal years through 2015, inclusive.
- 4) An assessment of the amount required to provide for catastrophic reserves for all self-insured funding requirements.
- 5) Actuarially calculate the County's loss reserve health insurance liabilities for its current and retired employees under GASB 45 on an undiscounted and discounted basis. The discounted basis should reflect interest rates of 3%, 4%, and 5%.

In addition to the aforementioned services, SGRisk will perform, at no extra charge, additional analyses which will help the County assess its risk exposure, distribute its liability costs among the various departments, analyze any excess insurance proposal it may receive, and meet with its Budget Department, County Legislators, auditors and any other interested parties.

This proposed agreement will serve a public purpose by providing the County with the actuarial services necessary to ensure its proper and prudent administration and operation.

The goals and objectives of the proposed agreement are to provide to the County all of the actuarial services it will require, pertaining to the County's Health Insurance Fund, with respect to GASB 45, Casualty Reserve Fund, and Workers Compensation Fund, over the course of the next five years, to ensure the proper administration and operation of the County.

The goals and objectives of the proposed agreement are in the best interests of the County in terms of fiscal responsibility, as the actuarial services to be provided by SGRisk will enable the County to make statistically accurate judgments and determinations about how best to financially manage and allocate the resources to address the County's possible risk exposure and liabilities.

The goals and objectives of the proposed agreement will be tracked and monitored through regular consultations with and briefings by SGRisk on a periodic basis to the Budget Department, County Legislators, auditors, and other interested parties on various topics related to the fiscal management, analysis, and estimates of the County's liabilities; funding, reserve requirements, and catastrophic reserve requirements of self-insured exposure; loss reserve health insurance liabilities; and other actuarial services as required.

If this resolution were not approved, the County would not have authority to enter into a contract with SGRisk to obtain the actuarial services it needs to provide for the proper administration and operation of the County.

Pursuant to Sections 3(a)(x) and 7 of the Westchester County Procurement Policy, the Department of the Budget recently issued a Request For Proposals ("RFP") seeking qualified firms to provide actuarial services to the County. A total of six (6) proposals were received in response to the RFP, and they were submitted by the following firms: AMI Risk, SGRisk, Aquarius Capital/AIS Risk (joint proposal), EBS-RMSCO/SELECT (joint proposal), Towers Watson, and Milliman. After careful review of each proposal with reference to the evaluation criteria set forth

in the RFP, SGRisk was selected by the Vendor Selection Committee. Subsequent negotiations with SGRisk lead them to reduce their per-year and total prices.

Accordingly, I most respectfully recommend approval of the attached Resolution.

LCS/AO/bdm/nn

APPROVED BOARD OF ACQUISITION & CONTRACT - 6-10-2010 - JOMARY VIEIRA, SECRETARY

RESOLUTION

Upon a communication from the Commissioner of the Department of the Budget, be it hereby:

RESOLVED, that the County of Westchester (the “County”) is hereby authorized to enter into an agreement with SGRisk, LLC for the provision of actuarial services, for the period from June 1, 2010 through May 31, 2015, for an amount not-to-exceed \$72,000 in any one year of the contract and a total amount not to exceed \$360,000, payable pursuant to an approved budget (the “Agreement”); and be it further

RESOLVED, that this Agreement is subject to County appropriations; and be it further

RESOLVED, that this Agreement is also subject to further financial analysis of the impact of any New York State Budget (the “State Budget”) proposed and adopted during the term of this Agreement. The County shall retain the right, upon the occurrence of any release by the Governor of a proposed State Budget and/or the adoption of a State Budget or any amendments thereto, and for a reasonable period of time after such release(s) or adoption(s), to conduct an analysis of the impacts of any such State Budget on County finances. After such analysis, the County shall retain the right to either terminate this Agreement or to renegotiate the amounts and rates approved herein. If the County subsequently offers to pay a reduced amount to the Contractor, then the Contractor shall have the right to terminate this Agreement upon reasonable prior written notice; and be it further

RESOLVED, that the County Executive or his authorized designee is hereby authorized to execute all instruments and take all actions reasonably necessary to implement this Resolution.

Account to be
Charged/Credited

Budget Year	Fund	Dept	Major Program, Program & Phase Or Unit	Object/ Sub-Object	Trust Account	Dollars
2010	613	57	0007	4420	N/A	\$14,000
2010	615	59	0690	4420	N/A	\$14,000
2010	617	61	0010	1680	N/A	\$14,000
						\$42,000.00
2011	613	57	0008	4420	N/A	\$24,000
2011	615	59	0691	4420	N/A	\$24,000
2011	617	61	0010	1680	N/A	\$24,000
						\$72,000.00
2012	613	57	0009	4420	N/A	\$24,000
2012	615	59	0692	4420	N/A	\$24,000
2012	617	61	0010	1680	N/A	\$24,000
						\$72,000.00

2013	613	57	0010	4420	N/A	\$24,000
2013	615	59	0693	4420	N/A	\$24,000
2013	617	61	0010	1680	N/A	\$24,000
						\$72,000.00
2014	613	57	0010	4420	N/A	\$24,000
2014	615	59	0694	4420	N/A	\$24,000
2014	617	61	0010	1680	N/A	\$24,000
						\$72,000.00
2015	613	57	0010	4420	N/A	\$10,000
2015	615	59	0695	4420	N/A	\$10,000
2015	617	61	0010	1680	N/A	\$10,000
						\$30,000.00

Budget Funding Year(s) 2010-2015 Start Date 06/01/10 End Date 05/31/15.
(must match resolution)

Funding Source

\$360,000

(must match resolution)

Tax Dollars _____.

State Aid _____

Federal Aid _____

Other: Health Benefits Fund

APPROVED BOARD OF ACQUISITION & CONTRACT - 6-10-2010 - JOMARY VIEIRA, SECRETARY