

Robert P. Astorino
County Executive

Department of Budget
Lawrence C. Soule
Budget Director

12543

Date: June 28, 2010

To: Honorable Members of the Board of Acquisition and Contract

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

RE: Authority to amend a resolution authorizing the County to enter into an agreement with SGRisk, LLC (“SGRisk”), pursuant to which SGRisk would provide actuarial services to the County, in order to authorize SGRisk to subcontract with Danziger & Markhoff, LLP for a portion of the actuarial services.

On June 10, 2009, your Honorable Board approved a resolution (the “June 10th Resolution”) authorizing the County of Westchester (the “County”) to enter into an agreement with SGRisk, LLC (“SGRisk”), pursuant to which SGRisk would provide actuarial services to the County, for the period 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 (the “Agreement”). The Agreement has not yet been executed.

SGRisk recently informed the County that it would like to subcontract with Danziger & Markhoff, LLP (“D&M”), 123 Main Street, White Plains, New York 10601, for a portion of the actuarial services SGRisk would provide under the Agreement. Specifically, SGRisk seeks authority to enter into a subcontract with D&M for the purpose of having D&M effect an enhanced actuarial analysis of the actuarial services to be provided by SGRisk concerning GASB 45. Accordingly, authority is now respectfully requested to amend the June 10th Resolution in order to authorize D&M as a subcontractor under the Agreement for the provision of actuarial services concerning GASB 45.

Except as specifically amended hereby, all other terms and conditions set forth in the June 10th Resolution shall remain the same.

Pursuant to the terms of the proposed agreement, SGRisk will provide actuarial services pertaining to the County's Health Insurance Fund, Casualty Reserve Fund, and Workers' GASB 45. 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, both for the County's Health Insurance Fund, Casualty Reserve Fund, Workers' GASB 45, and otherwise, 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 determination about how best to financially manage, and allocate the resources to necessary 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 could not authorize SGRisk to subcontract to D&M, work concerning GASB 45, and SGRisk would, therefore, not be permitted to seek from D&M its expert actuarial services regarding GASB 45. As a consequence, the County could potentially be deprived of the best possible actuarial services related to GASB 45.

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

LCS/AO/bdm/nn

APPROVED BOARD OF ACQUISITION & CONTRACT - 7-8-2010 - JOMARY VIEIRA, SECRETARY

RESOLUTION

Upon communication from the Budget Director, be it hereby

RESOLVED, that the resolution approved on June 10, 2009 (the "June 10th Resolution"), which authorized the County of Westchester (the "County") to enter into an agreement with SGRisk, LLC ("SGRisk"), pursuant to which SGRisk would provide actuarial services to the County, for the period 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 (the "Agreement"), is hereby amended to authorize SGRisk to subcontract to Danziger & Markhoff, LLP, 123 Main Street, White Plains, New York 10601, actuarial services concerning GASB 45; and be it further

RESOLVED, that except as specifically amended hereby, all other terms and conditions set forth in the June 10th Resolution shall remain the same; 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.

Original Agreement: \$360,000
 This Amendment: \$0
 Total: \$360,000

Account to be charged/credited:

FUND	DEPT	Major Program, Program & Phase, Or Unit	Object/ Sub-Object	Trust Account	Dollars

Budget Funding Year(s) 2010-2015 Start Date: 6/01/10 End Date: 5/31/15
 (must match resolution)

Funding Source: **Tax Dollars** _____
 _____ **State Aid** _____
 (must match resolution) **Federal Aid** _____
Other _____