

Robert P. Astorino  
County Executive

Department of Budget

Lawrence C. Soule  
Budget Director

45953

Date: April 1, 2015

To: Honorable Members of the Board of Acquisition and Contract

From: Lawrence C. Soule  
Budget Director

RE: Authority to enter into an agreement with SGRisk, LLC., for the provision of actuarial services to the County for the period June 1, 2015 through May 31, 2020, for a total aggregate amount not-to-exceed \$387,917 and for SGRisk, LLC to subcontract with the firm of Danziger & Markhoff, LLP to provide actuarial services concerning GASB 45.

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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 to the County for the period June 1, 2015 through May 31, 2020. In consideration for services to be rendered, the County will pay SGRisk a total aggregate amount not-to-exceed \$387,917, payable as follows: an amount not-to-exceed \$73,800 for the period June 1, 2015 through May 31, 2016; \$75,645 for the period June 1, 2016 through May 31, 2017; \$77,536 for the period June 1, 2017 through May 31, 2018; \$79,475 for the period June 1, 2018 through May 31, 2019; and \$81,461 for the period June 1, 2019 through May 31, 2020. All payments will be made in accordance with an approved payment schedule.

Pursuant to the terms of the proposed agreement, SGRisk will provide actuarial services pertaining to the County's Health Insurance Fund, Casualty Reserve Fund, Workers Compensation Fund, and GASB 45 self-insurance programs. 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 2016 through 2020, 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 2020, which will include reserves for all the prior fiscal years through 2020, 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.

Authority is also requested for SGRisk 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.

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.

Pursuant to Sections 3(a)(x) and 7 of the Westchester County Procurement Policy, the Department of Budget recently issued a Request For Proposals (“RFP”) seeking qualified firms to provide actuarial services to the County. A total of TWO (2) proposals were received in response to the RFP, and they were submitted by the following firms: SG RISK & AON HEWITT CONSULTING. 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.

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APPROVED BOARD OF ACQUISITION & CONTRACT - 06/04/2015 - JIMMY VERFA SECRETARY

## RESOLUTION

Upon a communication from the Budget Director, 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 to the County, for the period June 1, 2015 through May 31, 2020, for a total aggregate amount not-to-exceed \$387,917, payable as follows: an amount not-to-exceed \$73,800 for the period June 1, 2015 through May 31, 2016; \$75,645 for the period June 1, 2016 through May 31, 2017; \$77,536 for the period June 1, 2017 through May 31, 2018; \$79,475 for the period June 1, 2018 through May 31, 2019; and \$81,461 for the period June 1, 2019 through May 31, 2020, to be paid in accordance with an approved payment schedule (the "Agreement"); and be it further

**RESOLVED**, that SGRisk is authorized to subcontract with Danziger & Markhoff, LLP ("D&M"), 123 Main Street, White Plains, New York 10601, for the purpose of having D&M effect an enhanced actuarial analysis of the actuarial services to be provided by SGRisk concerning GASB 45; 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
2015	613	57	0007	4420	N/A	\$14,350.00
2015	615	59	0690	4420	N/A	\$14,350.00
2015	101	52	2065	5100	N/A	\$14,350.00
						<b>\$43,050.00</b>
2016	613	57	0007	4420	N/A	\$24,958.74
2016	615	59	0690	4420	N/A	\$24,958.74
2016	101	52	2065	5100	N/A	\$24,958.74
						<b>\$74,876.22</b>
2017	613	57	0007	4420	N/A	\$25,582.70
2017	615	59	0690	4420	N/A	\$25,582.70
2017	101	52	2065	5100	N/A	\$25,582.70
						<b>\$76,748.10</b>
2018	613	57	0007	4420	N/A	\$26,222.38
2018	615	59	0690	4420	N/A	\$26,222.38
2018	101	52	2065	5100	N/A	\$26,222.38
						<b>\$78,667.14</b>
2019	613	57	0007	4420	N/A	\$26,877.85
2019	615	59	0690	4420	N/A	\$26,877.85
2019	101	52	2065	5100	N/A	\$26,877.84
						<b>\$80,633.54</b>
2020	613	57	0007	4420	N/A	\$11,314.00
2020	615	59	0690	4420	N/A	\$11,314.00
2020	101	52	2065	5100	N/A	\$11,314.00
						<b>\$33,942.00</b>
						<b>\$387,917.00</b>

Budget Funding Year(s) 2015 - 2020 Start Date 6-1-2015 End Date 5-31-2020  
(must match resolution)

Funding Source Tax Dollars \$387,917

State Aid \_\_\_\_\_

**\$ 387,917** Federal Aid \_\_\_\_\_

(must match resolution) Other \_\_\_\_\_