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Bid# 7941
Contract# BC-22-7941

Contract for Services
Terms and Conditions

Barnstable County
3195 Main Street
Barnstable, MA 02630

THIS AGREEMENT is made this 21st day of July, 20 21 by and between

The Segal Company (Eastern States), Inc. 116 Huntington Ave. Boston, MA 02116
(Contractor's Legal Name and Address)

(hereinafter referred to as Contractor), and Barnstable County (hereinafter referred to as County and collectively as the "Parties").

The Contract for Services Terms and Conditions and any agreed upon changes thereto included in any Contract Amendments shall take precedence over any additional or conflicting terms and conditions as may be included in any other document attached hereto.

NOW THEREFORE, the County and the Contractor do mutually agree as follows:

1. **Employment of Contractor.** The Contractor hereby agrees to perform the services hereinafter set forth in the Scope of Services. Contractor hereby agrees to hold the County harmless from any claims regarding worker's compensation benefits, unemployment compensation benefits, retirement benefits, or any other benefit normally attributable to the status of "employee" and Contractor specifically agrees to pay for all damages incurred by the County or Town, including costs, benefits, and reasonable attorney fees in the event the Contractor files such claim.

2. **Scope of Services.** The contractor shall perform the scope of services set forth in

Attachment A and Exhibit 1 consisting of twenty (20) pages included herein

3. **Contract Amendments.** The following amendments to the Contract have been executed by duly authorized representatives of the Parties and are attached hereto and incorporated herein:

Attachment C consisting of two pages included herein

4. **Time of Performance.**

7/21/21	6/30/25
Start Date	End Date

5. **Responsible County Official:** The County Official and Department exercising managerial and budgetary control for this Contract shall be: Varies by Entity

6. **Payment**:

A. The County shall compensate the Contractor for the services rendered at the rate of $ ____Varies_____per __Attachment B__ (e.g., hour, week, quarterly, project, etc.).

B. In no event shall the Contractor be reimbursed for time other than that spent providing the described service(s).

C. Payment will be made upon submittal and approval of the Contractor's Invoice(s) that is (are) received Monthly_____, Quarterly_____, Other__X__ (specify)___Attachment A__.

D. Reimbursement for Travel and Other Contractor Expenses:

☒ All travel and meals are part of this Contract. No reimbursement will be made.

☐ Contractor will be reimbursed for pre-approved travel in an amount not to exceed $_____. Copies of receipts must be submitted. Any expense claimed by the Contractor for which there is no supporting documentation shall be disallowed.

☐ Contractor will be reimbursed for OTHER expenses in an amount not to exceed $_____.

☐ OTHER Expenses shall be limited to: _____. Copies of receipts must be submitted. Any expense claimed by the Contractor for which there is no supporting documentation shall be disallowed.

E. The total of all payments made against this Contract shall not exceed: $___varies per entity_____

Upon acceptance of the Contractor's invoice, payment will be made within thirty (30) days. If an invoice is not accepted by the County within fifteen (15) days, it shall be returned to the Contractor with a written explanation for the rejection. At the end of each County fiscal year Contractor must submit any outstanding invoices for services performed or delivered during the fiscal year (July 1-June 30) to the County no later than July 31st of the year when the services were performed. Contractors shall submit invoices within sixty (60) days of completing the work.

7. **Certification.** Contractor certifies under the pains and penalties of perjury that pursuant to Mass .Gen. Laws ch.62C, §49A, that the Contractor has filed all state tax returns, paid all taxes and complied with all applicable laws relating to taxes; and that pursuant to Mass. Gen. Laws ch.151A, §19A(b), has complied with all laws of the Commonwealth relating to contributions and payment in lieu of contributions to the Employment Security System; and, if applicable, with all laws of the Commonwealth relating to Worker's Compensation, Mass. Gen. Laws ch.152 and payment of wages, Mass. Gen. Laws ch. 149, § 148. Pursuant to federal law, Contractor shall verify the immigration status of all workers assigned to the contract without engaging in unlawful discrimination;

8. **Termination or Suspension of Contract for Cause.** If through any sufficient cause, the Contractor or the County shall fail to fulfill or perform its duties and obligations under this Contract, or if either party shall violate or breach any of the provisions of this Contract, either party shall thereupon have the right to terminate or suspend this Contract, by giving written notice to the other party of such termination or suspension and specifying the effective date thereof. Such notice shall be given at least fifteen (15) calendar days before such effective date.

9. **Termination for Convenience of County.** The County shall have the right to discontinue the work of the Contractor and cancel this contract by written notice to the Contractor of such termination and specifying the effective date of such termination. In the event of such termination or suspension of this Contract, the Contractor shall be entitled to just and equitable compensation for satisfactory work completed, for services performed and for reimbursable expenses necessarily incurred in the performance of this Contract up to and including the date of termination or suspension.

10. **Non-Discrimination in Employment and Affirmative Action.** The Contractor shall take affirmative action to ensure that qualified applicants and employees are treated without regard to age, race, color, religion, sex, marital status, sexual orientation, national origin, disability, or Vietnam Era Veteran status. The Contractor agrees to comply with all applicable Federal and State statutes, rules and regulations prohibiting discrimination in employment including but not limited to: Title VII of the Civil Rights Act of 1964, as amended; Massachusetts General Laws Chapter 1518§(1); the Americans with Disabilities Act of 1990; and all relevant administrative orders and executive orders including Executive Order 11246.

11. **Subcontracting.** None of the services to be provided to the County pursuant to this Contract shall be subcontracted or delegated in whole or in part to any other organization, association, individual, corporation, partnership or other such entity without the prior written approval of the County. No subcontract or delegation shall relieve or discharge the Contractor from any obligation or liability under this Contract except as specifically set forth in the instrument of approval. If this Contract is funded in whole or in part with federal funds, Contractor further agrees to comply with the provisions of the Office of Management and Budget Circular A-110, as amended, with respect to taking affirmative steps to utilize the services of small and minority firms, women's business enterprises and labor surplus area firms. All subcontracts shall be in writing and shall contain provisions which are functionally identical to, and consistent with, the provisions of this Contract. The County shall have the right to obtain a copy of the subcontract upon request.

12. **Interest of Members of County and Others.** No officer, member or employee of the County, and no member of its governing body of the locality or localities in which the Project is situated or being carried out who exercises any functions or responsibility in the review or approval of the undertaking or carrying out of the Project, shall participate in any decision relating to this Contract which affects his personal interest or the interest of any corporation, partnership, or association in which he is directly or indirectly financially interested or has any personal or pecuniary interest, direct or indirect, in this Contract or the proceeds thereof.

13. **Conflict of Interest**. Contractor acknowledges that it may be subject to the Massachusetts Conflict of Interest statute, Mass. Gen. Laws ch. 268A, and to that extent, Contractor agrees to comply with all requirements of the statute in the performance of this Contract.

14. **Assignability.** The Contractor shall not assign any interest in this Contract and shall not transfer any interest in the same (whether by assignment or novation), without the prior written consent of the County thereto; provided, however that claims for money due or to become due the Contractor from the County under this Contract may be assigned to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to the County.

15. **Recordkeeping, Audit, and Inspection of Records.** The Contractor shall maintain books, records, and other compilations of data pertaining to the requirements of the Contract to the extent and in such detail as shall properly substantiate claims for payment under the Contract. All such records shall be kept for a period of seven (7) years or for such longer period as is specified herein. All retention periods start on the first day after final payment under this Contract. If any litigation, claim, negotiation, audit or other action involving the records is commenced prior to the expiration of the applicable retention period, all records shall be retained until completion of the action and resolution of all issues resulting therefrom, or until the end of the applicable retention period, whichever is later. If this contract is funded in whole or in part with state or federal funds, the state or federal grantor agency, the County or any of its duly authorized representatives or designees, shall have the right at reasonable times and upon reasonable notice, to examine and copy, at reasonable expense, the books, records and other compilations of data of the Contractor which pertain to the provisions and requirements of this Contract. Such access shall include on-site audits, review and copying of records.

16. **Findings Confidential.** Any reports, information, data, etc., given to or prepared or assembled by the Contractor under this Contract which the County requests to be kept as confidential shall not be made available to any individual or organization by the Contractor without the prior written approval of the County.

17. **Publication, Reproduction and Use of Material.** No material produced in whole or in part under this Contract shall be subject to copyright in the United States or in any other country. The County shall have the unrestricted authority to publish, disclose, distribute, and otherwise use, in whole or in part, any reports, data or other materials prepared under this Contract.

18. **Political Activity Prohibited.** None of the services to be provided by the Contractor shall be used for any partisan political activity or to further the election or defeat of any candidate for public office.

19. **Anti-Boycott Warranty.** During the term of this Contract, neither the Contractor nor any "affiliated company" as hereafter defined, shall participate in or cooperate with an international boycott, as defined in Section 999 (b) (3) and (4) of the Internal Revenue Code of 1954, as amended by the Tax Reform Act of 1986, or engage in conduct declared to be unlawful by Sections 2 and 3 of Chapter 151E, Massachusetts General Laws. As used herein, an "affiliated company" shall be any business entity of which at least 51% of the ownership interested is directly or indirectly owned by the Contractor or by a person or persons or business entity or entities which directly or indirectly own at least 51% of the ownership interests of the Contractor.

20. **Choice of Law.** This Contract shall be construed under and governed by the laws of the Commonwealth of Massachusetts. The Contractor and the agents thereof, agree to bring any federal or state legal proceedings arising under this Contract, in which the County are a party, in a court of competent jurisdiction within the Commonwealth of Massachusetts. This paragraph shall not be construed to limit any rights a party may have to intervene in any action, wherever pending, in which the other is a party. All parties to this contract and covenant agree that any disputes be litigated in the District or Superior courts in Barnstable County.

21. **Force Majeure**. Neither party shall be liable to the other nor be deemed to be in breach of this Contract for failure or delay in rendering performance arising out of causes factually beyond its control and without its fault or negligence. Such causes may include but are not limited to: acts of God or the public enemy, wars, fires, floods, epidemics, strikes, or unusually severe weather. Dates or times of performance shall be extended to the extent of delays excused by this section, provided that the party whose performance is affected notifies the other promptly of the existence and nature of such delay.

22. **Indemnification.** To the fullest extent permitted by law, the Contractor shall indemnify, defend and hold harmless the County, its elected or duly appointed officers, and employees against liability, losses, damages or expenses (including reasonable legal expenses) resulting from any claim based upon to the extent caused by breach of this contract or negligent acts, errors or omissions or willful misconduct of the Contractor, its employees or its agents in providing its service(s) to the County pursuant to the Contract. After prompt notification of a claim by the County, the Contractor shall have an opportunity to participate in the defense of such claim and any negotiated settlement agreement or judgment. The County shall not be liable for any costs incurred by the Contractor arising under this paragraph. Any indemnification of the Contractor shall be subject to appropriation and applicable law. Notwithstanding the foregoing, Contractor has no obligation to defend or pay indemnitee defense costs incurred prior to a final determination of liability or to pay any amount that exceeds the proportionate share of Contractor's finally determined percentage of liability as determined by a court of competent jurisdiction.

23. **Compliance with Laws.** The Contractor shall promptly comply with all applicable laws, rules, regulations, ordinances, orders and requirements of the Commonwealth and any state or federal governmental authority relating to the delivery of the services described in this Contract subject to section 18 above. Unless otherwise provided by law, the Contractor shall promptly pay all fines, penalties and damages that may arise out of or are imposed because of the Contractor's failure to comply with the provisions of this section and, shall indemnify the County against any liability incurred as a result of a violation of this section. If the Contractor receives federal funds pursuant to this Contract, Contractor understands and agrees to comply with all requirements outlined in the Office of Management & Budget Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 200 subpart A-F)

24. **Tax Exempt Status.** The County is exempt from federal excise, state, and local taxes; therefore, sales to the County are exempt from Massachusetts sales and use taxes. If the County should become subject to any such taxes during the term of this Contract, the County shall reimburse the Contractor for any cost or expense incurred. Any other taxes imposed on the Contractor on account of this Contract shall be borne solely by the Contractor.

25. **Headings, Interpretation and Severability**. The headings used herein are for reference and convenience only and shall not be a factor in the interpretation of the Contract. If any provision of this Contract is declared or found to be illegal, unenforceable, or void, then both parties shall be relieved of all obligations under that provision. The remainder of the Contract shall be enforced to the fullest extent permitted by law.

26. **Waiver of Liability.** The Contractor hereby covenants and agrees to waive any and all claims against Barnstable County and release Barnstable County from any liability for Contractor's negligent actions in performing of the Scope of Services.

27. **Amendments.** The County may, from time to time, require changes in the Scope of Services to be performed hereunder. Such changes, including any increase or decrease in the amount of the Contractor costs, which are mutually agreed upon by the County and the Contractor, shall be incorporated in written amendments to this Contract.

28. **Entire Agreement.** The Parties understand and agree that this Contract and its attachments or amendments (if any) constitute the entire understanding between the Parties and supersede all other verbal and written agreements and negotiations by the Parties relating to the services under this Contract.

29. **Notice.** Unless otherwise specified, any notice hereunder shall be in writing addressed to the persons and addresses indicated below (Name, postal address, phone, email address):

To the County: Jennifer Frates, Chief Procurement Officer

3195 Main Road, Barnstable, MA 02630 jennifer.frates@barnstablecounty.org (508) 375-6637

To the Contractor: Kathleen Riley, Senior VP and Actuary

116 Huntington Ave, Boston, MA 02116 kriley@segalco.com 617-424-7336

with an electronic copy to Attn General Counsel, Contract_Notice@segalco.com

Employees of Barnstable County shall not be held personally or contractually liable by or to the Contractor under any term or provision of this Contract or because of any breach thereof. This Contract is not binding until signed by an authorized County official.

IN WITNESS WHEREOF, the County and Contractor have executed this Agreement this date: 8/4/2021

FOR THE COUNTY:

BARNSTABLE COUNTY:

DocuSigned by:
Ronald Bergstrom
B4F167905EB3F4...
Ronald Bergstrom, Chairman

FOR THE CONTRACTOR: The Segal Company (Eastern States, Inc.

DocuSigned by:
Kathleen A. Riley
C8EF0876B08647A...
Kathleen Riley, Senior VP and Actuary

8/4/2021

Date

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ATTACHMENT A
Project Description
GASB 74/75 ACTUARIAL STUDIES

A. BACKGROUND

In 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 43 and 45 which, together, profile the liability measurement and disclosure requirements of "Other Post-Employment Benefits (OPEB) plans. OPEB refers to medical, dental, vision and other healthcare-related benefits provided to retired employees and their dependents and beneficiaries. Typically, a member entity pays the costs of these benefits as they occur rather than prefunding them.

While most member entities offer Medicare supplements to Medicare enrolled retirees, many municipal retirees are not eligible for Medicare and remain enroll in the same products as actively working employees.

The GASB standards for OPEB plan accounting require public sector employees such as the member entities to begin to accrue the cost retiree health benefits. Employers must calculate an "Annual Determined Contributions" (ADC), consisting of two components: a *normal cost* (the portion of the present value of total projected benefits assigned to the current year by the actuarial cost method used by the employer) plus an *amortization component* (the amount necessary to amortize the total unfunded actuarial accrued liability for its OPEB obligations).

B. **PURPOSE OF ACTUARIAL STUDY**

The actuarial study performed by the Contractor shall include, at a minimum, professional services and dedicated personnel to perform the following:

Provide information to enable the member entities to manage the costs and liabilities associated with their retiree health benefits;

Provide information to enable the member entities to communicate the financial implications of retiree health benefits to internal staff, Boards of Selectmen, Prudential Committees, Executive Boards, employee groups, the external auditor and other external parties;

Provide information to comply with Governmental Accounting Standards Board Accounting Standard 12 (GASB 12) and with the GASB 74 and 75 accounting standards related to "other post-employment benefits" (OPEB) when applicable;

Provide a template to each member entity for inputting data for future actuarial valuations.

Prepare and analyze census data provided by the member entities and its insurance provider to assess any inconsistencies and make recommendations for enhancing data quality;

Provide options for establishment of an OPEB trust fund.

C. **MINIMUM REQUIREMENTS OF ACTUARIAL STUDY**

The June 30, 2020 actuarial study shall include the following:

Actuarial value of benefits, separately identifying amounts for actives and retirees, including Actuarial Accrued Liability; Plan Assets and Unfunded Actuarial Liability (UAAL); and Normal Cost

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GASB 74 & 75 accounting information and draft footnote, including Determination of actuarial accrued liability using the Entry Age Normal funding method, and using a discount rate determined in accordance with the provisions of GASB 74 and 75.

Calculation of the Annual OPEB Expense and Deferred Inflows and Outflows for FY2022; Calculation of the Net OPEB Liability (NOL) as of June 30, 2021 & 2022; and A comparison of Actuarially Determined Contributions to actual contributions.

Information to assist the member entities in future budgeting, including: The ten-year "pay-as-you-go" cost; Annual Required Contribution to fund retiree benefits over the working lifetime of eligible employees; and Recommendations (as appropriate) on managing the liability.

Description of:

- Plan provisions, including group(s) covered and benefits valued;
- Actuarial methods, including actuarial funding method and UAAL amortization policy;
- Actuarial assumptions; and
- A summary of the data used in the valuations

Project future benefit payments.

Provide options for establishment of an OPEB trust fund.

Prepare necessary material for the Comprehensive Annual Financial Report to comply with GASB OPEB reporting and disclosure requirements.

Analyze data to assess any inconsistencies and make recommendations for enhanced data quality.

Prior to or while performing the requirements of this analysis have a meeting with Standard and Poors to understand in detail the criticism of the previous analysis which appears in the bond ratings from member Municipalities. Address these concerns with Standard and Poors to either educate Standard and Poors that the actuarial analysis to be used is appropriate or modify the analysis if appropriate to address Standard and Poors concerns.

One meeting or conference call with the member entities staff during the analysis and one additional meeting with each member entity to formally present the findings and explain recommendations.

Actuarial certification, including indication of compliance with Actuarial Standards of Practice No. 41 "Actuarial Communications" and American Academy of Actuaries "Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States".

All cost and liability estimates should be separated between active employees and current retirees. In addition, it may be necessary for the actuary to further break down results internally to facilitate calculations, such as to separate current and/or future retirees between different groups such as the separate enterprise funds for electric, water, and sewer or other departmental separation. Firms should provide an option for municipalities that request it to generate the analysis for all departments. Provide in the pricing proposal the additional cost for this option separately so it is defined. Clearly define the amount over and above the pay as you go amount that a municipality must contribute. Provide municipalities optional pricing for providing analysis for all municipalities departments.

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Payments:
Each political subdivision shall accept sole responsibility for any payments due for its share of any purchase made under the terms and conditions of this procurement.
No advance payments will be made. Payment will be made only after a deliveries have been made and invoice(s) has been duly received by the municipal entities participating in this joint procurement.
This contract is subject to the appropriation of funds by the Awarding Authority and its participating towns.

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County of Barnstable

Actuarial Consulting Services

RFP# 7941
Non-Price Technical Proposal EXHIBIT 1

June 14, 2021

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Segal

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General Information and Experience

2. Type of organization (i.e. corporation, partnership, joint venture, sole proprietor, etc.), history, ownership and background including experience that clearly demonstrates the firm/individual and any proposed sub-contractors or partner firms is/are qualified to provide these services with respect to work being requested.

Segal is an independent, employee-owned actuarial and benefits consulting firm, headquartered in New York, with more than 1,000 employees in 21 cities throughout the U.S. and Canada. Members of the Segal family include benefits specialists Segal, benefits communication specialists Segal Benz and investment solutions specialists Segal Marco Advisors.

Found in 1939, the firm provides the full range of retirement and health actuarial, employee benefits and human resources consulting to public sector, multiemployer and corporate clients, as shown in the following organizational chart.

Segal has been employee owned by its officers since 1978. There are currently 299 employee owners, with no shareholder owning more than 5% of the company. An 11-member Board of Directors sets policy and governs the organization. Implementation of policies, development of strategies and day-to-day operations are the responsibilities of the Chief Executive Officer.

Our consulting philosophy and overall approach are highlighted by our commitment to our clients. Our longstanding mission is to provide “trusted advice that improves lives.” By forming a partnership with our clients, we serve as both advisors and advocates, and as a result, we ensure that our consulting and broker services align best with the County’s strategic goals. In addition, our work is distinguished by the highest level of professional consulting services, customized solutions and cost efficiency through technology. We seek to be innovative and to accommodate the special requirements of each client, rather than merely replicate an approach that worked in another situation.

Our approach to account management and client satisfaction is to be truly “customer intimate” – to understand client business issues and anticipate client needs, rather than react to them. We

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do not stop thinking about your issues when we get off the phone or leave the meeting. That is why you can expect to get emails from us frequently that convey our additional thinking with respect to the issues at hand.

Our experience

Segal has been involved in developing health and retirement programs that meet the needs of employees and employers since early in the development of employee benefit plans in American industry.

Segal has been providing actuarial services for nearly its entire history. We began providing actuarial consulting services to private sector and public sector plans shortly after World War II. By the 1950s, the number of public sector clients grew to include many large government plans, including state and municipal plans.

Segal is a founding member of the Multinational Group of Actuaries and Consultants (MGAC), whose member companies across the world meet clients' needs for assistance in international benefits planning.

More than 8 million employees and their dependents in the U.S., Canada and abroad are covered by benefit programs for which Segal provides consulting services, including thousands of clients in the private, public and nonprofit sectors. Clients are located throughout the U.S. and Canada, as well as Puerto Rico, the Virgin Islands, the Bahamas and Europe and range in size from less than one hundred to more than 400,000 employees.

Today, we provide actuarial and benefits consulting services to approximately 500 public sector entities, including nearly 140 public sector retirement clients. They range in size from $100 million to over $50 billion. Our wide range of clients includes:

- State and local governments
- Statewide employee retirement systems and health benefit plans
- Public school and higher education institutions
- Federal government agencies and other public organizations and entities
- Special districts: transit, utilities, water, toll and port authorities

Other Postemployment Benefits (OPEB) experience

Your proposed Segal team is well qualified to continue providing the requested actuarial and consulting services relating to Other Postemployment Benefits (OPEB), including specifically valuation under the Governmental Accounting Standards Board (GASB) Statements 74 and 75 of liabilities for providing postretirement health and welfare benefits to current and future retirees. Segal has extensive experience, as well as a long history, of measuring OPEB under both the FASB's Accounting Standards Codification 715 (FASB ASC 715 and FASB ASC 965) as well as GASB 43/45, the predecessor to GASB 74/75.

The basic OPEB work to be performed for the participating member units of the municipal retirement systems of Cape Cod and the Islands is the same as the work performed for the retiree health clients shown in the following section of this proposal. However, the work you have requested is unique in the following ways:

- The majority of your participating member units purchase health benefits through the Cape Cod Municipal Health Group. Because the experience of the entire group contributes to the development of the premiums for the group, we propose to develop “claim curves” for these units in the aggregate. This approach generates significant savings in time, and therefore expense. However, it also means that the “claim curves” analysis cannot be performed until all member units in the CCMHG has submitted participant data. “Claim curves” will be developed separately for other member units not in the CCMHG. Separate ‘claim curves” will be developed for the member units that do not participate in the CCMHG.
- The participating member units have employees and retirees who are members of several Retirement Systems (Barnstable County, Falmouth, and Massachusetts Teachers). We will use the demographic assumptions of the Retirement System in which the employee or retiree is enrolled.
- The participating member units have a wide range of policies with respect to historical and anticipated funding of their retiree health obligations. We will continue to reflect these financial decisions in the determination of the appropriate discount rate to use for the actuarial valuations, in accordance with the new accounting standards.
- The participating member units have invested their OPEB assets with various providers and various asset allocations. This affects the determination of the expected return on plan assets.

We believe the approach we have developed with you is cost effective and efficient, resulting in high quality actuarial work that is also tailored to the unique situation of each of your participating member units.

Massachusetts public sector OPEB and retirement client lists

We have been providing retiree health valuations since these standards were implemented in the early 1990s. A list of our clients we currently providing these services to in Massachusetts is below. For these clients Segal performs annual or biennial valuations, provides funding schedules for employers who have established OPEB trusts and annual accounting reports.

Massachusetts Municipal Clients
OPEB Valuations

City of Boston	Town of Wellesley
City of Gloucester	Town of Westwood
City of Holyoke	Town of Wrentham
City of Newton	Barnstable County/Cape Cod Municipal Health Group
City of Quincy	Boston Water and Sewer Commission
City of Salem	Cambridge Health Alliance
Town of Acton	Dedham-Westwood Water District
Town of Belmont	Farmington River Regional School District

Town of Bourne	Massachusetts School Building Authority
Town of Brookline	Massachusetts State College Building Authority
Town of Burlington	Massachusetts Water Resource Authority
Town of Dracut	Nashoba Regional School District
Town of Reading	Quincy College
Town of Wakefield	Southwick-Tolland-Grandville Regional School District

In addition, public sector clients for whom our Boston Office provides actuarial consulting services are listed in the table below. For these clients, Segal performs annual or biennial valuations, provides funding schedules, annual accounting reports, provides CAFR schedules, if requested, and completes special studies, as requested.

Massachusetts Retirement Systems/Agencies

Boston Retirement System	Town of Belmont Contributory Retirement System
City of Cambridge Contributory Retirement System	Town of Brookline Contributory Retirement System
City of Gloucester Retirement System	Town of Dedham Retirement System
City of Holyoke Contributory Retirement System	Town of Natick Contributory Retirement System
City of Newton Contributory Retirement System	Town of Needham Contributory Retirement System
City of Salem Retirement System	Town of North Attleboro Contributory Retirement System
City of Worcester Retirement System	Town of Swampscott Retirement System
Barnstable County Retirement System	Town of Wellesley Contributory Retirement System
Essex Regional Retirement System	Boston Water and Sewer Commission
Hampden County Regional Retirement System	Massachusetts State College Building Authority
Middlesex County Retirement System	MWRA Employees' Retirement System

Key staff

In the following table, we have identified the members of your actuarial team and have outlined their qualifications and related experience. Resumes are included in Appendix A.

Your Segal Team

Team Member	Role	Years at Segal	Experience
Kathleen A. Riley, FSA, MAAA, EA Senior Vice President and Actuary kriley@segalco.com 617.424.7330	Consulting Actuary and Liability Final Reviewer	40	• 40 years of benefits consulting experience • 30 years of M.G.L. c. 32 pension plan experience • AB, Harvard University

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Team Member	Role	Years at Segal	Experience
Daniel J. Rhodes, FSA, MAAA Vice President and Consulting Actuary drhodes@segalco.com 860.678.3043	Consulting Actuary and Health Final Reviewer	18	• 18 years of benefits consulting experience • AB, Harvard University
Camille M. Naser Consultant cnaser@segalco.com 617.424.7339	Reviewer	30	• 30 years of benefits consulting experience • BS, University of Illinois
Jacqueline King Associate Health Consultant jking@segalco.com 617.424.7366	Reviewer	5	• 5 years of beenfits consulting experience • BA, Univerisity of Connecticut
Scott Shnipes Health Analyst sshnipes@segalco.com 617.424.7314	Analyst	1	• 1 years of benefits consulting experience • BA, Boston College

Brief profiles describing their role on this engagement follow:

- **Ms. Riley** will serve as your consulting actuary and final reviewer for the liability work.
- **Mr. Rhodes** will serve as your consulting actuary and final reviewer for the claims cost work.
- Jointly, Ms. Riley and Mr. Rhodes will complete the final technical review of all actuarial calculations and reports. They are responsible for the recommendation of the assumptions to use in the valuation.
- **Ms. Naser** and **Ms. King** will serve as your reviewers. They will complete the first level review of the actuarial calculations and draft report and will be available to answer any technical questions that arise. In addition, Ms. Naser will serve as your project manager. She will work directly with Mr. Rhodes and Ms. Riley to manage the staff assigned to this project and to ensure the timely delivery of quality services to the member units.
- **Mr. Shnipes** will be responsible for data analysis and the development of the liabilities and cost calculations for the pension valuation.

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Project Narrative

3. Project narrative indicating an understanding of the project scope, approach, and other comments the Proposer deems relevant.

We will prepare full actuarial valuations of the post-employment benefit obligation for the member units participating in the actuarial studies as of July 1, 2020 and July 1, 2022. The actuarial valuation as of July 1, 2020 will be used for the required disclosure for the fiscal year ending June 30, 2021 and will be updated for the required disclosure for the fiscal year ending June 30, 2022. The actuarial valuation as of July 1, 2022 will be used for the required disclosure for the fiscal year ending June 30, 2023 and will be updated for the required disclosure for the fiscal year ending June 30, 2024.

The actuarial valuations will provide the necessary information to assist the member units in developing funding strategies, if requested.

The valuations will be completed in accordance with the Statements of Governmental Accounting Standards (GASB) Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (Statement No. 74), for participating member units that established an OPEB Trust and are funding their OPEB obligations, and Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (Statements No. 75), as applicable, and in accordance with applicable Actuarial Standards of Practice.

Methodology

Our approach for valuing postretirement health and welfare benefits has two basic components:

- **Claim Cost Component:** We collect and evaluate premium information to establish a baseline cost for the valuation measurement.

  We use this information to determine the implicit rate subsidy and to produce “claim curves” that reflect initial costs separately for each age, for males and females, and for employees/retirees and dependents. (Expected health care costs tend to increase with increasing age, and can be significantly different at given ages for males versus females, and for employees/retirees versus dependents; these distinctions in morbidity are reflected in our valuation cost basis). In addition, we develop short- and long-term health care cost trend rates (which measure the rate at which net plan costs are expected to increase in future years).

  We will prepare a set of “claim curves” for the participating member units of the Cape Cod Municipal Health Group (CCMHG) and separate sets for member units that do not participate in CCMHG, e.g. Bourne, retired teachers in the G.I.C, and member units that participate in the Massachusetts Interlocal Insurance Association. Because one set of “claim curves” will be prepared for the CCMHG, we will need to retrieve data from all participating member units of the CCMHG before we can develop the “claim curves.”

  After reviewing the particular provisions of the plan, we will establish protocols for the valuation of plan benefits, participant contributions, and benefit coordination with Medicare. In the event of a question on the interpretation of the plan, or an ambiguity in the substantive

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plan, we will recommend assumptions on how to value the associated cost based on past experience and reasonable future expectations. If appropriate, we will suggest ways to clarify the plan.

The following plan provisions were reflected in the June 30, 2018 valuation:

Employer Percentage Contribution:

Unit	Employer Contribution Percentage						
	Medical						
	Retirees and Spouses		Surviving Spouses				
	Under Age 65	Age 65 and Over	Under Age 65	Age 65 and Over	Dental	Life Insurance	Retiree Life Insurance Benefit
Barnstable County	75%	75%	75%	75%	75%	75%	$10,000
Barnstable Fire District	80%	80%	80%	80%	80%	80%	$10,000
Bourne Water District	75%	75%	50%	50%	75%	75%	$5,000
Buzzards Bay Water District	75%	75%	75%	75%	75%	75%	$5,000
Cape Cod Regional Technical School	65%	65%	65%	65%	65%	99%	$10,000
Cape Cod Regional Transit Authority	75%	75%	75%	75%	75%	None	None
C.O.M.M. Fire District	70-90%	80%	70-90%	80%	80%	80%	$1,000
Cape Light Compact	75%	75%	75%	75%	75%	75%	$10,000
Cotuit Fire District	75%	0%	0%	0%	75%	75%	$2,000
Dennis Water District	75%	75%	50%	50%	75%	75%	$5,000
Dennis-Yarmouth Regional School District	60%	60%	0%	0%	60%	60%	$1,000
Hyannis Fire District	95%	95%	95%	95%	95%	95%	$5,000
Mashpee Water District	75%	75%	75%	75%	75%	50%	$5,000
Monomoy Regional School District	70%	70%	70%	70%	70%	70%	$5,000
Nauset Regional School District	50%	50%	50%	50%	0%	50%	$2,000
North Sagamore Water District	75%	75%	50%	50%	75%	75%	$5,000
Sandwich Water District	90%	90%	90%	90%	90%	90%	$2,000
Town of Barnstable	50%	50%	0%	0%	None	50%	$2,000
Town of Bourne	75%	75%	0%	0%	75%	50%	$5,000
Town of Brewster	50%	50%	50%	50%	0%	50%	$1,000
Town of Chatham	50%	50%	50%	50%	50%	50%	$5,000
Town of Dennis	60%	60%	50%	50%	60%	60%	$2,000
Town of Eastham	65%	65%	65%	65%	65%	50%	$5,000
Town of Falmouth	65-75%	50%	65-75%	50%	0%	50%	$1,000
Town of Harwich	75%	75%	50%	50%	0%	75%	$2,000
Town of Mashpee	75%	75%	75%	75%	0%	75%	$4,000
Town of Orleans	65-75%	65-75%	0%	0%	0%	75%	$2,000
Town of Provincetown	70-80%	70-80%	0%	0%	None	50%	$1,000
Town of Sandwich	75%	75%	50%	50%	75%	75%	$2,000
Town of Truro	65%	65%	0%	0%	0%	65%	$1,000
Town of Wellfleet	50%	50%	50%	50%	0%	50%	$5,000
Town of Yarmouth	50%	50%	50%	50%	0%	50%	$5,000
Upper Cape Cod Regional Technical School	70%	70%	70%	70%	None	50%	$10,000
West Barnstable Fire District	75%	75%	75%	75%	75%	75%	$2,000

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- **Liability Component:** The "liability" component of the valuation has many similarities to calculations made for pension plan valuations. Plan participants (active employees, current retirees, retirees' spouses, and surviving spouses, as appropriate) are projected forward with assumptions about turnover, retirement, death, disability, the likelihood of electing benefits in retirement, the likelihood of having a covered spouse at retirement, etc. In addition, we will propose health care cost trend and other health-specific assumptions, in accordance with Actuarial Standards of Practice ASOP No. 6, *Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions.*

We will determine a discount rate to use for the valuations in accordance with GASB 74/75. The GASB statements provide the method for determining the discount rate to be used. The discount rate is a blend of the long-term expected rate of return on OPEB Trust assets and a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The blending is based on the sufficiency of projected assets to make projected benefit payments. Projected assets will reflect anticipated employer contributions to the OPEB Trust in accordance with the unit's funding policy, if any. The discount rate will be determined separately for each participating member unit.

The long-term expected rate of return will be determined for each unit based on the target asset allocation of the unit's investment portfolio.

For the participating member units that have established an OPEB Trust and are funding their OPEB obligations, the GASB 74/75 discount rate will be determined on an individual basis.

A sample of the funding policies and discount rates for the member units as of June 30, 2018 is shown below:

EXHIBIT III – MEMBER UNIT FUNDING POLICIES

Entity	OPEB Trust Balance as of June 30		Fiscal 2019 Contribution and Funding Policy	Discount Rate as of June 30*	
	2018	2019		2018	2019
Barnstable County	None	$869,974	$850,000 in fiscal 2019 and $50,000 per year thereafter	3.87%	3.50%
Barnstable Fire District*	None	None	N/A	3.87%	3.50%
Bourne Water District	$170,036	$190,313	$10,000 per year	7.00%	7.00%
Buzzards Bay Water District	None	None	N/A	3.87%	3.50%
Cape Cod Regional Tech School	$660,931	$1,119,668	$398,979 in fiscal 2019 and then $100,000 per year thereafter	5.13%	4.90%
Cape Cod Regional Transit Authority	None	None	N/A	3.87%	3.50%
Cape Light Compact	None	None	N/A	3.87%	3.50%
Centerville, Osterville, Marstons Mills Fire District	$1,745,656	$2,180,975	$325,000 per year	7.00%	7.00%
Cotuit Fire District	$611,951	$1,026,437	$375,000 in fiscal 2019 and $63,000 per year thereafter	7.00%	7.00%
Dennis Water District	None	$213,500	$68,000 per year	7.00%	7.00%
Dennis-Yarmouth Regional School District	$225,303	$237,425	$0 in fiscal 2019 and 2020, $500,000 in fiscal 2021 and $50,000 in fiscal 2022	3.87%	3.50%
Hyannis Fire District	None	None	N/A	3.87%	3.50%
Mashpee Water District	None	None	N/A	3.87%	3.50%
Monomoy Regional School District	$380,988	$515,046	$109,868 in fiscal 2019 and $100,000 per year thereafter	3.87%	3.50%
Nauset Regional School District	$89,123	$148,685	$46,342 in fiscal 2019 and $450,000 per year thereafter	3.87%	3.50%
North Sagamore Water District	None	None	N/A	3.87%	3.50%
Sandwich Water District	None	None	N/A	3.87%	3.50%
Town of Barnstable	$3,889,288	$4,781,778	$521,500 in fiscal 2019, $578,000 in fiscal 2020 and increasing by $50,000 each year thereafter	3.87%	3.50%
Town of Bourne	$1,873,843	$2,655,532	$541,601 in fiscal 2019, $535,199 in fiscal 2020, $595,398 in fiscal 2021, $655.597 in fiscal 2022 and $715,796 in fiscal 2023	TBD	TBD
Town of Brewster	$1,754,544	$1,961,324	$100,000 in fiscal 2019, $200,000 in fiscal 2020 increasing $50,000 per year thereafter	7.25%	7.25%

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Entity	OPEB Trust Balance as of June 30		Fiscal 2019 Contribution and Funding Policy	Discount Rate as of June 30*	
	2018	2019		2018	2019
Town of Chatham	$822,123	$1,023,009	$150,000 in fiscal 2019, $300,000 in fiscal 2020 and $500,000 per year thereafter	7.00%	7.00%
Town of Dennis	$783,578	$1,242,074	$400,000 in fiscal 2019 and $200,000 per year thereafter	3.87%	3.50%
Town of Eastham	$147,158	$209,709	$50,000 in fiscal 2019 increasing $50,000 per year thereafter	3.87%	3.50%
Town of Falmouth	$559,948	$749,854	$100,000 in fiscal 2019 and $500,000 per year thereafter	3.87%	3.50%
Town of Harwich	$903,684	$2,440,721	$1,396,925 in fiscal 2019. $550,000 in fiscal 2020, $200,000 in fiscal 2021, $250,000 in fiscal 2022, $300,000 in fiscal 2023 and $200,000 per year thereafter	5.99%	5.85%
Town of Mashpee	$404,826	$653,240	$200,000 in fiscal 2019, $250,000 in fiscal 2020 and $500,000 per year thereafter	3.87%	3.50%
Town of Orleans	$1,113,823	$1,644,705	$450,000 per year	7.25%	7.25%
Town of Provincetown	$3,182,643	$4,167,619	$777,582 in fiscal 2019, $565,704 in fiscal 2020, $579,847 in fiscal 2021, $594,343 in fiscal 2022, $609,201 in fiscal 2023 increasing 2.5% per year thereafter	7.25%	7.25%
Town of Sandwich	$342,262	$455,681	$100,000 in fiscal 2019, $465,000 in fiscal 2020, $300,000 in fiscal 2021, and $150,000 per year thereafter	3.87%	3.50%
Town of Truro	$1,762,334	$2,174,726	$400,000 per year	7.00%	7.00%
Town of Wellfleet	$1,475,735	$1,870,706	$250,000 in fiscal 2019 and $200,000 per year thereafter	7.00%	7.00%
Town of Yarmouth	$2,882,129	$3,592,010	$453,292 for fiscal 2019 then fully funding the ARC annually	7.00%	7.00%
Upper Cape Cod Regional Technical School	$365,147	$468,934	$50,000 per year	3.87%	3.50%
West Barnstable Fire District	$119,806	$126,253	$0 in fiscal 2019, $35,000 in fiscal 2020, $43,000 in fiscal 2021, $52,000 in fiscal 2022, $65,000 in fiscal 2023	7.00%	7.00%

*This rate will be used for GASB 74 reporting as of June 30, 2019, if applicable, and for GASB 75 reporting as of June 30, 2020

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Segal will perform the following calculations for each unit, and by department within the unit, if the departments are identified in the data and if this information is requested by the unit:

- Project the total cost of providing postemployment benefits. The projection will be made on the basis of the current plan as communicated to participants and will reflect any implicit rate subsidies based on the premium rates charged
- Discount the projected cost of benefits to determine the present value. The actuarial present value of total projected benefits (APV) is the amount that would have to be set aside today in an interest-earning account in order to provide enough capital to pay all expected costs of postemployment benefits for all current plan participants (both retirees and employees).
- Determine the actuarial accrued liability (Total OPEB Liability), unfunded actuarial accrued liability (Net OPEB Liability), funded percentage, and Normal Cost (Service Cost) using the Entry Age Normal funding method (as required by GASB 74/75), and using a discount rate determined in accordance with the provisions of the GASB Statement.
- Calculate the Annual OPEB Expense and Deferred Inflows and Outflows using the amortization methods and periods required by GASB 75.
- Calculate an Actuarially Determined Contribution (ADC) and provide a comparison to actual contributions.
- Perform sensitivity analysis of the results using key variables.

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- Prepare the necessary material for the Comprehensive Annual Financial Report to conform to the GASB OPEB reporting and disclosure requirements.

If requested, we will work the unit to develop a funding policy and associated funding schedule. This project would be a supplemental service. The funding schedules will show projected liabilities and assets based on the unit's stated or proposed funding policy as discussed with the unit.

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Scope of Services

4. Scope of Services to be provided outlining specific tasks and deliverables including a timeline detailing project milestones, meetings and deliverables. Please also provide a sample timeline from an individual municipality completing their submission to the actuary and the time it will take for the Actuary to deliver their final results. This will allow individual municipalities to the completion of their independent audits which require this analysis.

Pre-valuation conference call

We will schedule a pre-valuation conference call with the participating units to review the data request and additional information needed to complete the valuation.

Request for member and financial data

We will send to each participating unit an excel spreadsheet that contains 4 tabs to be reviewed and updated as necessary. The first two tabs will contain the active and non-active member data previously provided by each unit. We will request that each unit update the spreadsheet as of June 30, 2020 by indicating the changes that occurred since June 30, 2018 as provided by the column headings. The third tab requests supplemental information such as the need for department breakouts, Part B penalty cost sharing, life insurance, funding amounts, on-going funding policy and OPEB Trust information. The fourth tab provides a chart to indicate any cost sharing changes since the prior valuation.

When the data is received, it will be reviewed for completeness and reasonableness through the use of our standard “edit and distribution” computer programs to eliminate any obstacles from the data process. This review includes a check for missing information, unreasonable data (e.g., date of hire after valuation date, unexpected type codes) and inconsistent information (e.g., age and service relationships). We will provide to each unit a detailed list of data questions requesting any missing data or confirmation of questionable data. In the event that certain data items are insufficient, we will determine with each unit whether the insufficient information can readily be provided; otherwise, we will make estimates based on a statistical analysis of the other members with known information.

Produce “claim curves” and liabilities

Once the data is reviewed, we will develop separate “claim curves” for the participating member units of the Cape Cod Municipal Health Group (CCMHG) and separate sets for member units that do not participate in CCMHG, e.g. Bourne, retired teachers in the G.I.C, and member units that participate in the Massachusetts Interlocal Insurance Association. Because one set of “claim curves” will be prepared for the CCMHG, we will need to retrieve data from all participating member units of the CCMHG before we can develop the “claim curves.”

A detailed description of the methodology used to develop “claim curves” is included in the response to Question 3 above.

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The next step is to develop the actuarial accrued liability or Total OPEB Liability and the normal cost. These calculation are complete in accordance with the accounting standards and actuarial standards of practice, as described in the response to Question 3 above.

Liabilities are also calculated at discount rates that are 1% higher and lower than the assumption and health care trend rates that are 1% higher and lower than the assumption.

Complete calculations

After the liabilities are determined, the following calculations are complete:

- The actuarial accrued liability (Total OPEB Liability) is compared to OPEB assets to determine the unfunded actuarial accrued liability (Net OPEB Liability) and funded percentage.
- An Actuarially Determined Contribution (ADC) is calculated.
- Calculate the Annual OPEB Expense and Deferred Inflows and Outflows and any additional information needed to satisfy the GASB OPEB reporting and disclosure requirements.
- If requested, prepare funding schedules that project liabilities and assets based on the units stated or proposed funding policy.

Draft report

Our findings, analysis and calculations will be presented in a comprehensive written report of the valuation of the benefits. Separate reports will be prepared for each unit. The report will include certain technical terms but will be prepared to be easily understood and communicated.

Please see our response to Question 7 for additional detail on the contents of the actuarial report.

Presentation and meetings

We are available to make a combined presentation to the member units in person or remotely to review the results of the actuarial study and to answer questions from individual units. We are available to attend additional meetings, if requested by an individual unit, for a supplemental fee.

Interim Valuations

For the June 30, 2022 and June 30, 2024 accounting reports, we will use census data from the June 30, 2020 and June 30, 2022 valuations, respectively, trend forward assumed claims costs, select an appropriate discount rate, and project forward liabilities to the measurement date.

After the liabilities are determined, we will calculate the Annual OPEB Expense and Deferred Inflows and Outflows and any additional information needed to satisfy the GASB OPEB reporting and disclosure requirements.

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Timeline

Please see our response to Question 7 for a sample timeline.

5. Resumes for each individual to be assigned to the project and a staffing plan linking individuals to specific portions of the project scope.

Staffing plan

Please see Appendix A for resumes of the team members. The staffing plan is as follows:

- **Ms. Riley** and **Ms**. **Naser** will coordinate the pre-valuation conference call with the member units.
- **Ms. King and Mr. Shnipes** will be responsible for preparing and sending the individual data requests to each units.
- **Mr. Shnipes** will be responsible for the data analysis, the development of the claims cost, the liability and cost calculations for the valuations, and preparing draft reports.
- **Ms. Naser** and **Ms. King** will complete the first level review of the claims cost, actuarial liabilities and calculations, and draft reports.
- **Mr. Rhodes** will complete the final review for the claims cost work.
- **Ms. Riley** and **Mr. Rhodes** will complete the final technical review of all actuarial calculations and reports.

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Actuarial Studies and Reports

6. Describe in detail the elements of the actuarial studies and reports you would produce related to GASB 74/75.

GASB 74/75 valuation report contents

The valuation report will include certain technical terms but will be prepared to be easily understood and communicated. The report will include all the necessary material to comply with the GASB and OPEB reporting and disclosure requirements. Our report is organized as follows:

- Cover letter and certification
- Purpose and basis of report
- Valuation approach and valuation results (June 30, 2020 valuation report will include fiscal 2021 and fiscal 2022 Actuarially Determined Contribution (ADC)
- Summary of participant data
- Important information about actuarial valuations
- General information about the OPEB plan
- Net OPEB liability, including short description of actuarial assumptions
- Determination of discount rate and investment rate of return
- Sensitivity
- Schedule of changes in net OPEB liability
- OPEB expense
- Deferred outflows of resources and deferred inflows of resources
- Schedule of reconciliation of net OPEB liability
- Schedule of contributions
- Summary of actuarial assumptions, actuarial cost method and actuarial models
- Summary of plan provisions
- Member unit funding policies
- Definitions of terms

The reports completed for fiscal 2021 and fiscal 2023 will include the full valuation results as of June 30, 2020 and June 30, 2022, respectively, and will include the information noted above. The interim reports completed for fiscal 2022 and fiscal 2023 will include the GASB OPEB reporting and disclosure requirements and will refer to the prior reports for certain information. For a sample of a series of reports for a member unit with assets that needs to comply with GASB Statements No. 74 and 75, please refer to the Town of Orleans reports. These reports can be accessed at the following links, June 30, 2019 and June 30, 2020, or via the Town's website.

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Member Entity Schedule

7. Provide a schedule for completing a GASB 74/75 actuarial study for a member entity. Express time in elapsed days/weeks from the start of work to the attainment of each milestone or completion of each task and through the end of the project.

Timeline

Based on our receipt of required data, the following is a proposed time schedule for the completion of the valuation report (for a full valuation):

Task	Timing
Email each member unit their personalized excel data request to be reviewed and updated. Schedule a pre-valuation conference call with the participating units to review the data request and additional information needed to complete the valuation.	Within one to two weeks from proposal award
When received, the valuation data will be reviewed and run through standard “edit and distribution” programs to verify completeness and reasonableness. We will work with each unit to verify the completeness and accuracy of the data.	Within two weeks from the receipt of the data from each unit
Review the actuarial assumptions and complete the claim cost analysis and the gain/loss analysis.	At the six to eight week mark, from the receipt of the complete data from all the participating units
Complete the actuarial calculations as required by GASB 74/75 and prepare the valuation report.	Within eight to ten weeks from the receipt of the complete data from all the participating units
Finalize the valuation report and deliver via email to each participating unit.	Within twelve weeks from the receipt of the complete data from all the participating units
Meet with participating unit to present report upon request.	To be determined

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County of Barnstable

Actuarial Consulting Services

RFP# 7941
Price Proposal - ATTACHMENT B

June 14, 2021

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June 14, 2021

Ms. Jennifer Frates
Chief Procurement Officer
County of Barnstable
Superior Courthouse
3195 Main Street, P.O. Box 427
Barnstable, MA 02630

RE: Actuarial Consulting Services to County of Barnstable

Dear Ms. Frates:

Thank you for the opportunity to present the enclosed price proposal. Segal would be privileged to continue to work with you to provide actuarial and consulting services for post-employment benefits other than pensions to the member units of the municipal retirement systems of Cape Cod and the Islands.

This offer is firm for sixty (60) days following the bid opening. With respect to the contractual terms in item 18 and Attachments D and E of the RFP and if we are determined to be the winning bidder, we propose to continue providing services pursuant to contract terms and conditions that are substantively similar to the previously negotiated contract.

Please let us know if you have any questions.

Sincerely,

Kathleen A. Riley, FSA, MAAA, EA
Senior Vice President and Actuary

Price Proposal shall include a cover sheet and attach a list of the names, titles, responsibilities and hourly rates of all individuals to be billed during this contract period and specify a total not-to-exceed cost and/or cost per task. Proposals should clearly identify all tasks to be performed and the basis for fees charged, billing rates for personnel to be assigned to the project, direct cost expenses, and clearly identify any other costs. All subcontractors if proposed must be identified and all sub-contractual costs must be indicated.

Cover letter clearly addressing any exceptions taken to the terms and conditions contained within this RFP.

Brief profiles describing their role on this engagement follow:

- **Ms. Riley** will serve as your consulting actuary and final reviewer for the liability work.
- **Mr. Rhodes** will serve as your consulting actuary and final reviewer for the claims cost work.

  Jointly, Ms. Riley and Mr. Rhodes will complete the final technical review of all actuarial calculations and reports. They are responsible for the recommendation of the assumptions to use in the valuation.
- **Ms. Naser** and **Ms. King** will serve as your reviewers. They will complete the first level review of the actuarial calculations and draft report and will be available to answer any technical questions that arise. In addition, Ms. Naser will serve as your project manager. She will work directly with Mr. Rhodes and Ms. Riley to manage the staff assigned to this project and to ensure the timely delivery of quality services to the member units.
- **Mr. Shnipes** will be responsible for data analysis and the development of the liabilities and cost calculations for the pension valuation.

Hourly rates for each of them are described in Question 4 below.

1. *This section should disclose all charges to be assessed the member entities for the Project Description.*

Task	Fee Per Participating Member Unit
July 1, 2020 Actuarial Valuation and disclosure information for the fiscal year ending June 30, 2021	$4,300
• Additional fee for department results, if requested	$750
• Additional fee for preparation of a funding schedule, if requested	$750
• Additional fee for units not in Cape Cod Municipal Health group, if applicable	$1,000
• Additional fee for proportional share calculations, if applicable	$1,000
• Additional fee for revising report to due to incomplete or erroneous infomation provided by the unit, if applicable	$1,000
Disclosure information for the fiscal year ending June 30, 2022	$2,000

• Additional fee for proportional share calculations, if applicable	$1,000
• Additional fee for revising report to due to incomplete or erroneous infomation provided by the unit, if applicable	$1,000
July 1, 2022 Actuarial Valuation and disclosure information for the fiscal year ending June 30, 2023	$4,500
• Additional fee for department results, if requested	$750
• Additional fee for preparation of a funding schedule, if requested	$750
• Additional fee for units not in Cape Cod Municipal Health group, if applicable	$1,000
• Additional fee for proportional share calculations, if applicable	$1,000
• Additional fee for revising report to due to incomplete or erroneous infomation provided by the unit, if applicable	$1,000
Disclosure information for the fiscal year ending June 30, 2024	$2,200
• Additional fee for proportional share calculations, if applicable	$1,000
• Additional fee for revising report to due to incomplete or erroneous infomation provided by the unit, if applicable	$1,000

2. *The successful Proposer will enter into an agreement with Barnstable County Purchasing governing the provision of services to member entities.*

Agreed.

3. *Proposal fees for completing the GASB 74/75 – related actuarial work, and the critical assumptions and requirements for pricing.*

Please see Question 1 for our response to this question.

4. *For all persons or labor classifications assigned to this project, quote a fully burdened (direct labor & indirect costs & profit) hourly rate that would be charged to the member entities for additional services outside the scope of work.*

Additional services outside the scope of work described in the Technical Proposal would be billed at our hourly time charge rates, as shown below. We can work with the member units to provide a fixed fee cost for additional services when the scope of those services is known.

For any work conducted on an hourly time-charge basis, Segal bills in increments of 0.25 hours.

The cornerstone of our approach to controlling the cost of services is to assign the appropriate staff level for a given task. This ensures that the work is being performed at the lowest cost to you while still meeting our quality control procedures.

We have developed our fees based on expected time commitments and our schedule of hourly time charge rates. Total fees that are incurred for specific projects result from the amount of time spent on each project and from the level of skill and experience of the professional staff

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member involved. We delegate tasks within projects to staff levels that have the competence to complete the assigned work at the lowest possible hourly time charge rates consistent with our quality standards. Unlike some consulting firms, we do not charge for clerical time spent in completing projects. That overhead expense is built into the hourly time charge rates of our professional staff.

The standard billing rates for professional staff for 2021 are shown below.

Role	2021
SVP/CRM/Lead Consulting Actuary	$545 to $595
VP/Actuary	$480 to $525
Senior Actuary/Senior Consultant	$435 to $470
Actuary/Consultant	$360 to $430
Actuarial Associate Consultant/Associate Consultant	$330 to $350
Senior Actuarial Associate/Analyst/ Senior Associate	$275 to $315
Staff/Actuarial Associate/Analyst/ Associate	$245 to $270

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CONTRACT # BC-22-7941

ATTACHMENT "C"

AMENDMENT NO. 1
(consisting of two pages)

This Amendment No**. 1** made this 2nd day of August, 2021 by and between Barnstable County (the "County") and **The Segal Company (Easter States) Inc.** (the "Contractor") (collectively the "Parties") amends the Contract for Services Purchased Terms and Conditions made and entered into by the Parties on 8/4/2021 (the "Contract").

WHEREAS, the Parties wish to amend the Contract to include additional terms and conditions; and

WHEREAS, Section **27** of the Contract entitled "Amendments," allows for the Parties upon mutual agreement to amend the Contract by executing a written amendment.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and in the Contract, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

1. Section 8 of the Contract "**Termination or Suspension of Contract for Cause"** INSERT the following at the end of the section: "If the breaching party Is unable or unwilling to cure the violation or breach prior to the effective date of termination, the contract may be immediately terminated."

2. Section 9 of the Contract "**Termination for Convenience of County"** INSERT the following at the end of the section: "The effective date of the termination shall not be less than thirty (30) calendar days after the notice date.

3. Section 14 of the Contract "**Assignability**" DELETE the Following:

   The Contractor shall not assign any interest in this Contract and shall not transfer any interest in the same (whether by assignment or novation), without the prior written consent of the County thereto; provided, however that claims for money due or to become due the Contractor from the County under this Contract may be assigned to a bank, trust company, or other financial institution without such approval.

   INSERT with the Following:

   The Contractor shall not assign any interest in this Contract and shall not transfer any interest in the same (whether by assignment or novation), without the prior written consent of the County thereto; provided, however that claims for money due or to become due the Contractor from the County under this Contract may be assigned to a bank, trust company, or other financial institution, Contractor may assign its interest to any of its affiliates under common control and operating under the same trade name as part of an internal restructuring, without such approval.

4. DELETE Section 17 of the contract "**Publication, Reproduction and Use of Material.** No material produced in whole or in part under this Contract shall be subject to copyright in the United States or in any other country. The County shall have the unrestricted authority to publish, disclose, distribute, and otherwise use, in whole or in part, any reports, data or other materials prepared under this Contract.

   And replace the entire section with the following: **Ownership of Deliverables and Use of Material.** Except to the extent that they incorporate the Contractor's proprietary software, knowhow, techniques, methodologies and report formats (collectively, "Contractor's Proprietary Information"), all documents, data, and other tangible materials authored or prepared and delivered by the Contractor to the County under the terms of this Contract (collectively, the "Deliverables"), are the sole and exclusive property of the County, once paid for by the County. To the extent Contractor's Proprietary Information Is incorporated Into such Deliverables, the County shall have a perpetual, non-exclusive, worldwide, royalty-free license to use, copy, and modify Contractor's Proprietary Information as part of the deliverables internally and for their intended purpose.

The Parties hereto acknowledge and agree that, except as specifically amended by the terms of this Amendment No.**1**, all the terms, covenants and provisions of the Contract are hereby ratified and confirmed and shall remain in full force and effect throughout the balance of the term of the Contract. From and after the date hereof, all references in the Contract to "the Contract" or "this Contract" shall mean and be the Contract as affected by this Amendment No. 1.

IN WITNESS WHEREOF, the Parties have caused this Amendment No. **1** to be executed by their duly authorized representatives on the date and year first above written.

Barnstable County

DocuSigned by:
Ronald Bergstrom
B47187903E8A4F6...
Signature

Ronald Bergstrom
Printed Name

Chairman
Title

8/4/2021
Date

The Segal Company (Eastern States), Inc.

DocuSigned by:
Kathleen A. Riley
C6EF0876B08647A...
Signature

Kathleen A. Riley
Printed Name

Senior Vice President and Actuary
Title