



September 8, 2016

Mr. Kirk Kirkpatrick
County Auditor
Johnson County
1. N. Main St.
Cleburne, TX 76033

Re: Engagement Letter for GASB OPEB Valuation for Johnson County

Dear Mr. Kirkpatrick,

You have requested a pricing quote for a GASB 45 actuarial valuation under the Shared Services arrangement provided by Gabriel, Roeder, Smith & Co (GRS) and North Central Texas Council of Governments (NCTCOG).

Based on the information you provided, the estimated cost of services for Johnson County is \$5,780. The total fee including the \$125 NCTCOG administration fee will equal \$5,905. This price is based on receiving data in the standard GRS format and using the following assumptions:

Number of Participants	200 - 499
Claims Analysis Required	No
Retirement Plans	I. TCDRS
Health Plans	I. Johnson County Health Plan
Annual, Biennial, or Triennial	Biennial
Pricing Discount	Eligible

Additional fees may also apply if the data is not received in the requested GRS data format.

If other assumptions are identified, a revised proposal letter will be prepared by GRS.

Basic Services

Basic services provided through the Shared Services program will include:

- Actuarial valuation of employer OPEB in compliance with the requirements of paragraphs 11-27 of GASB 45. Valuations can be performed annually or biennially and will include:
 - > A measurement of the actuarial liability, present value of projected benefits and normal cost as of the valuation date

- > The estimated actuarially determined contribution for the applicable fiscal years
 - > The estimated annual required contribution and accounting expense for the applicable fiscal years as required under GASB Statement Nos. 43 and 45
 - > Information needed to complete the "Notes to the Financial Statement" and "Required Supplementary Information" as defined in paragraphs 30 and 31 of GASB No. 43
 - > Information needed to complete the "Notes to the Financial Statement" and "Required Supplementary Information" as defined in paragraphs 24, 25 and 26 of GASB No. 45
 - > Sensitivity analysis for health care trend rates, providing valuation results based on a higher and a lower health care trend
 - > A hypothetical set of actuarial results using an alternative discount rate based on pre-funding
- Two in person or conference call meetings as mutually agreed upon by Johnson County and GRS. Out of pocket travel expenses for governments located 100 miles or more from DFW Airport will be charged to the government.

Billing Schedule

GRS pricing assumes 20% paid upon acceptance by the government of the engagement, 50% upon receipt of the draft report and 30% upon acceptance of the final report. For Biennial or Triennial valuations, GRS will provide the OPEB cost for the off year(s) and will walk forward the Net OPEB Obligation.

The GRS prices discussed above will be adjusted annually in January based on changes in the Consumer Price Index, All Urban Consumers, on a December over December basis.

GRS billing will also include an administrative fee of \$125 per valuation cycle payable to the NCTCOG.

Options Study

It is anticipated that Johnson County may want to consider what the options are for mitigating their OPEB liability. These Options studies would include alternative discount rates, alternative healthcare trend rates, benefit capitations, and changes in retiree cost sharing. The cost for a basic Options study will be \$1,240 per study.

More complicated studies may not be covered under the fixed fee amount above. If a study is not included in the fixed fee pricing, the hourly rates shown in "Additional Services" below will apply or fixed fee amounts will be negotiated. GRS will provide written documentation of our understanding of the service(s) requested, the estimated number of hours by employee class, total costs and project timeline.


Additional Services

Fees for additional consulting services not included under Basic Services or included in the fixed fee Options studies will be priced separately upon request and will be based on the following hourly rates:

<i>GRS Resource Classification</i>	<i>Hourly Rates</i>
Senior Consultants	\$415
Consultants	\$325
Senior Analysts	\$210
Actuarial Analysts	\$180
Systems Analysts and Programmers	\$240
Administrative Support Staff	\$130

A copy of this engagement letter will be made a part of the master agreement between Johnson County and GRS.

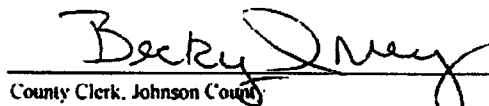
JOHNSON COUNTY:



Roger Harmon
County Judge

9/26/16
Date

Attest:



Becky Diney
County Clerk, Johnson County



9/26/16
Date

GABRIEL, ROEDER, SMITH & COMPANY



Mark Randall, CEO

9/28/2016
Date