

TOWN/VILLAGE OF HARRISON
COMPTROLLER'S OFFICE

TO: Ronald Belmont, Supervisor and Members of the Town Board
FROM: Maureen MacKenzie, Comptroller
RE: Town Board Meeting of June 7, 2018
DATE: May 31, 2018

Attached please find a proposal from BPAS Actuarial & Pension Services for actuarial services that they will be providing to the Town/Village in conjunction with The Governmental Accounting Standards Board Statement No. 75. GASB 75 is an accounting and financial reporting provision **requiring** government employers to measure and report the liabilities associated with postemployment benefits other than pension. Once the valuation is completed, it becomes part of our annual financial statement.

GASB 75 will replace GASB 45 effective fiscal years beginning after June 15, 2017. Harrison is required to comply with GASB 75 beginning with the 2018 valuation.

Within the attached agreement for services, there is a charge for a one time fee to transition to GASB 75 of \$5,000, a full actuarial valuation fee of \$15,500 (an increase of \$500 over our previous contract) and an interim actuarial valuation fee of \$3,500 (no increase from previous contract). Total service fees come to \$24,000.

We have been using the services of BPAS (Harbridge) since 2005. They have consistently provided us with a high level of service.

Funding for the contract is available in budget line Special Items/Special Services 001-1900-100-4407.

The Law Department has reviewed this contract and found it to be in order. I respectfully request that you approve this contract and that the Supervisor be authorized to execute it.



706 N. Clinton Street | Suite 200 | Syracuse, NY 13204

P 866.401.5272 W bpas.com

Private & Confidential

March 27, 2018

Ms. Maureen MacKenzie
Comptroller/Treasurer
Town of Harrison and Village of Harrison
1 Heineman Place
Harrison, NY 10528-3305

RE: Service Agreement for Town of Harrison and Village of Harrison

Dear Maureen:

Enclosed you will find our Service Agreement that includes details of our Scope of Services and Fee in Appendix A. Our standard Terms of Engagement are attached. If you would like us to proceed with the engagement, please sign the Service Agreement and approve the fees by initialing Appendix A. Return a signed copy to us; we will not begin work until we receive this authorization.

The GASB adopted Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, in June 2015. GASB 75 will replace GASB 45 effective fiscal years beginning after June 15, 2017. GASB 75 is a sweeping overhaul on reporting requirements for OPEB liabilities. It will introduce significant changes to the actuarial methods and disclosure requirements to OPEB plans similar to the changes introduced by GASB 68 for pension plans. The Town/Village of Harrison will be required to comply with GASB 75 beginning with the 2018 valuation.

This agreement will remain in effect unless terminated in writing by either party subject to the requirements outlined in our Terms of Engagement. On an annual basis, if future changes to the fee are proposed, we will provide you with the updated Appendix A to approve. The Service Agreement and Terms of Engagement will only be sent in the future if there are changes to the scope of services or our standard terms.

Also included under Appendix B is contact information for your engagement team and information about BPAS.

Solving Tomorrow's Benefit Challenges Today

BPAS Services: Plan Administration & Recordkeeping | Actuarial & Pension | TPA | Fiduciary | Healthcare Consulting | VEBA & HRA/HSA
AutoRollovers & MyPlanLoan | Transfer Agency | Fund Administration | Collective Investment Funds

BPAS Subsidiaries: Hand Benefits & Trust | BPAS Trust Company of Puerto Rico | NRS Trust Product Administration | Global Trust Company

BPAS offices in: Rochester, Syracuse, Utica, & New York, NY | Philadelphia & Pittsburgh, PA | Houston, TX | Boston, MA | E. Hanover, NJ | San Juan, PR

Ms. Maureen MacKenzie
March 27, 2018
Page 2

We value our relationship with your organization and look forward to continuing to serve you. Please review this information carefully, and if you have any questions please do not hesitate to call me at (315) 703-8905.

Sincerely,

Monica J. Cecilia

Monica J. Cecilia
Vice President, Healthcare Consulting
BPAS Actuarial & Pension Services

MJC:afh

SERVICE AGREEMENT

Agreement

This Service Agreement ("Agreement") is between the Town of Harrison and Village of Harrison (the "Sponsor") and BPAS Actuarial and Pension Services, LLC ("BPAS").

Purpose

BPAS is to provide actuarial consulting services related to the following benefit plan of the Sponsor.

- Retiree Group Health Benefits Program

Our work will be performed based on actuarial standards of practice and applicable laws, regulations and/or accounting standards. With regard to our services, the following generally apply.

- The Sponsor will provide BPAS, as requested in a specified format and timely manner, information regarding the Plan (i.e. plan provisions, plan participants, plan assets, benefit payments, etc.) in order to complete the services outlined herein. The Sponsor will take full responsibility for ensuring that the data provided is reasonable and appropriate. While BPAS will take all necessary steps in compliance with Actuarial Standards of Practice to ensure the reasonableness of the information provided, we will not perform an audit or independent verification of the information.
- Economic and demographic assumptions and methods must be determined in order to complete the services outlined herein. The Sponsor will determine all assumptions and methods necessary to complete the actuarial valuation, and assume all responsibility for ensuring those assumptions and methods are reasonable and appropriate. BPAS will provide the Sponsor with guidance and information necessary to assist in the determination of all assumptions and methods required.
- The information contained in our report(s) will be prepared for the internal use of the Sponsor and its auditors in connection with our actuarial valuation(s). It is not intended, nor necessarily suitable, for other purposes. BPAS has no responsibility to update the report(s) for events and circumstances occurring after the date of the report(s).

SERVICE AGREEMENT

Fees

The specific services and associated professional service fees for each of the benefit plans are outlined in Appendix A of this Agreement. BPAS reserves the right to amend the fee schedule from time to time upon written notice to Sponsor and subject to Sponsor's approval.

The associated fees in Appendix A for the services outlined are based on the time required to perform the services. With regard to the expected time and our fee, we assume the following:

- Receipt of complete and accurate data in the format requested by the due date required, in order to staff the engagement appropriately and complete the work in the mutually agreed upon timeframe. Please refer to Appendix B for details regarding your BPAS engagement team.
- Other professional service providers, such as plan and company auditors, may require assistance from BPAS in order to perform their related services. We have assumed three hours of support in our fee. Additional time will be billed separately based on the hourly rates outlined in Appendix A.
- There will be no changes in any areas, including current law, regulations, accounting standards or plan provisions that would impact our deliverables. If however, there are changes that would impact the scope of our services, we will notify you and get approval for the revised fee before proceeding.
- We will not bill separately for out of pocket expenses associated with one meeting per year with Sponsor. For additional meetings, the consulting time will be billed based on the hourly rates outlined in Appendix A and travel expenses will be invoiced.

By signing below you are authorizing BPAS to perform the professional services outlined in Appendix A and you are agreeing to the associated fee outlined in Appendix A. In addition by signing below you are agreeing to the conditions outlined in this agreement, including those outlined in the attached "Terms of Engagement". Finally, unless noted otherwise below, you are authorizing BPAS to use the Sponsor as a reference (either written or verbal) with respect to the professional services provided.

Acceptance of Agreement

We agree with the terms set forth in this Agreement; including the use of the Sponsor as a reference for BPAS unless otherwise noted below:

BPAS Actuarial and Pension Services, LLC

<i>Monica J. Cecilia</i>	Vice President	3/27/2018
Signature	Title	Date

Town of Harrison and Village of Harrison

SIGN
HERE

_____	_____	_____
Authorized Representative Signature	Title	Date

_____ Initial here if you do NOT want BPAS to use the Sponsor as a reference for this engagement.

BPAS Actuarial and Pension Services, LLC
Town of Harrison and Village of Harrison

APPENDIX A – FEE SCHEDULE

RETIREE GROUP HEALTH BENEFITS PROGRAM SPONSORED BY THE TOWN/VILLAGE OF HARRISON

Full Actuarial Valuation Services\$15,500

GASB 75 Full Actuarial Valuation for the fiscal year ending December 31, 2018

- Analysis of census data.
- Analysis of plan provisions and development of per capita claims costs.
- Calculation of Total OPEB Liability as of the beginning of the fiscal year.
- Determination of Annual OPEB Expense for the fiscal year.
- Preparation of the actuarial valuation report detailing the results of the valuation.
- Determination of the Plan Fiduciary Net Position at fiscal year end.
- Development of Required Supplemental Information and Notes to the Financial Statements to be included on the financial statements.

One-time service fee to transition to GASB 75\$5,000

Interim Actuarial Valuation Services \$3,500

GASB 75 Interim Actuarial Valuation for the fiscal year ending December 31, 2019

- Calculation of Total OPEB Liability as of the beginning of the fiscal year.
- Determination of Annual OPEB Expense for the fiscal year.
- Determination of the Plan Fiduciary Net Position at fiscal year end.
- Development of Required Supplemental Information and Notes to the Financial Statements to be included on the financial statements.

For services or additional work that is hourly based, our rates range from \$125 to \$500.
Every attempt will be made to have the work performed at the lowest billing rate possible.

APPENDIX B

YOUR ENGAGEMENT TEAM - SYRACUSE OFFICE

Name	Title	Telephone Number	Email Address
Monica Cecilla	Vice President	315-703-8905	mcecilia@bpas.com
Aimee Fried-Hardy	Senior Analyst	315-703-8937	afried-hardy@bpas.com
Jordyn Torchia	Senior Analyst	315-703-8975	jtorchia@bpas.com

About BPAS

BPAS is a national provider of retirement plan and fund administration, transfer agency, collective investment fund, and other institutional trust services. We support 3,800 retirement plans, \$52 billion in trust assets, \$1 trillion in fund administration, and more than 400,000 participants. With our breadth of services, we are well positioned to help our clients solve their benefit plan challenges without the need to engage multiple providers. One company. One call.

BPAS family of services includes: Plan Administration & Recordkeeping, Actuarial & Pension, TPA, Fiduciary, Healthcare Consulting, VEBA & HRA/HSA, AutoRollovers & MyPlanLoan, Transfer Agency, Fund Administration, and Collective Investment Funds.

BPAS subsidiaries include: Hand Benefits & Trust, BPAS Trust Company of Puerto Rico, Northeast Retirement Services, and Global Trust Company.

Specialty retirement plan administration practices include auto enrollment plans, multiple employer plans, plans with employer securities, PR 1081 plans, VEBA/HRA plans, and cash balance plans.

As a solutions-oriented national practice, we are committed to Solving Tomorrow's Benefit Challenges Today.

Terms of Engagement

Entire Agreement

These Terms of Engagement and the Service Agreement letter to which they are attached (collectively, the "Agreement") constitute the entire agreement between the client to whom such engagement letter is addressed and any other legal entities referred to therein ("Client" or "you") and BPAS Actuarial and Pension Services, LLC, a New York limited liability company ("BPAS Actuarial and Pension Services," "we" or "us"), regarding the services described in the engagement letter. No modification, variation, amendment or supplement to this Agreement shall be effective for any purpose whatsoever unless reduced to writing and signed by each party.

Responsibilities of the Client

In circumstances where the Client is a business entity, the Client agrees to identify those individuals authorized to request services from BPAS Actuarial and Pension Services under the terms of this Agreement. Individuals authorized to request services agree to identify the purpose of the services, and identify for whom the services are to be performed (e.g., the corporation, an employee, a director) at the time the services are requested.

A fundamental term of this Agreement is that the Client will provide us with all information relevant to the services to be performed and to provide us with any reasonable assistance as may be required to properly perform the engagement. The Client agrees to bring to our attention any matters that may reasonably be expected to require further consideration to determine the proper treatment of any relevant item. The Client also agrees to bring to our attention any changes in the information as originally presented as soon as such information becomes available. Client acknowledges that it retains all management responsibilities related to judgments and decisions regarding the Client's financial or business matters.

Unless otherwise indicated, any returns, reports, letters, written opinions, memoranda, etc. delivered to the Client as part of the services ("Deliverables") are solely for the Client and are not intended to nor may they be relied upon by any other party (each, a "Third Party").

Responsibilities of BPAS Actuarial and Pension Services

We will perform our services on the basis of the information you have provided and in consideration of the applicable federal, foreign, state or local tax laws, regulations and associated interpretations relative to the appropriate jurisdiction as of the date the services are provided. Laws and regulations are subject to change at any time, and such changes may be retroactive in effect and may be applicable to advice given or other services rendered before their effective dates. We do not assume responsibility for such changes occurring after the date we have completed our services. Client acknowledges that BPAS Actuarial and Pension Services does not practice law and our services do not constitute legal advice.

Some of the matters on which we may be asked to advise the Client may have implications to other persons or entities. However, we have no responsibility to these persons or entities unless we are specifically engaged to

address these issues to such persons or entities, and we agree to do so in writing.

We will discuss with Client any issues of which we are aware that we believe may subject the Client to penalties and discuss with Client possible courses of action to avoid the imposition of any penalty. We are not responsible for any penalties imposed for positions that have been discussed with Client where we recommended a course of action to avoid penalties and the Client elected not to pursue such course.

BPAS Actuarial and Pension Services is not responsible for any penalties assessed against the Client as the result of the Client's failure to provide us with all the relevant information relative to the issue under consultation. Furthermore, the Client agrees to defend, indemnify and hold BPAS Actuarial and Pension Services harmless for any penalties imposed on BPAS Actuarial and Pension Services or its staff, as the result of the Client's failure to provide such information.

Electronic Communications

In performing services under this Agreement, BPAS Actuarial and Pension Services and/or Client may wish to communicate electronically either via facsimile, electronic mail or similar methods (collectively, "E-mail"). However, the electronic transmission of information cannot be guaranteed to be secure or error free and such information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete or otherwise be adversely affected or unsafe to use. Unless you notify us otherwise, your acceptance of this Agreement constitutes your consent to use E-mail. All risks related to your business and connected with your use of E-mail are borne by you and are not our responsibility.

Both parties will carry out procedures to protect the integrity of data. In particular, it is the recipient's responsibility to carry out a virus check on any attachments before launching or otherwise using any documents, whether received by E-mail or on disk or otherwise.

Engagement Limitations

Except as may be specified in this Agreement, we will not audit or otherwise verify the information supplied to us, from whatever source, in connection with this engagement.

As you are aware, tax returns and filings with taxing and regulatory authorities may be subject to audit. We will be available to assist the Client in the event of an audit of any issue for which we have provided services under this Agreement. However, unless otherwise indicated, our fees for these additional services are not included in our fee for the services covered by this Agreement.

We will not be prevented or restricted by anything in this Agreement from providing services for other clients.

We are not responsible for auditing or verifying the work performed by previous service providers and are in no way liable for errors or omissions caused by such service providers.

In the course of our engagement, certain communications between Client and BPAS Actuarial and Pension Services may be subject to a confidentiality privilege. Client recognizes that we may be required to disclose such communications to federal, state and international regulatory bodies; a court in criminal or other civil litigation; or to other Third Parties, including Client's independent auditors, as part of our professional responsibilities. In the event that we receive a request from a Third Party (including a subpoena, summons or discovery demand in litigation) calling for the production of information, we will promptly notify you to the extent we are allowed to disclose the request for information. We agree to cooperate with Client in any effort to assert any privilege with respect to such information, provided Client agrees to hold BPAS Actuarial and Pension Services harmless from and be responsible for any costs and expenses resulting from such assertion.

Disassociation or Termination of Engagement

Either party may terminate this Agreement upon written notice to the other party. In the event of termination, Client will be responsible for fees earned and expenses incurred through the date the termination notice is received.

Limitation of Liability

All services will be rendered by and under the supervision of qualified staff in accordance with the terms and conditions set forth in this Agreement. BPAS Actuarial and Pension Services makes no other representation or warranty regarding either the services to be provided or any Deliverables; in particular, and without limitation of the foregoing, any express or implied warranties of fitness for a particular purpose, merchantability, warranties arising by custom or usage in the profession, and warranties arising by operation of law are expressly disclaimed.

In no event, unless it has been finally determined by a court of competent jurisdiction that BPAS Actuarial and Pension Services was grossly negligent or acted fraudulently, shall BPAS Actuarial and Pension Services be liable to the Client or any of its officers, directors, employees or shareholders or to any other third party, whether such claim is based in tort, contract or other law for any amount in excess of the total professional fee paid by you to us under this Agreement for the particular service to which such claim relates.

IN NO EVENT SHALL BPAS ACTUARIAL AND PENSION SERVICES BE LIABLE TO YOU OR ANY THIRD PARTY UNDER OR IN CONNECTION WITH THIS AGREEMENT FOR ANY LOSS OF PROFIT, LOSS OF REVENUE, OR FOR ANY INCIDENTAL, CONSEQUENTIAL, SPECIAL, EXEMPLARY, PUNITIVE OR OTHER INDIRECT DAMAGES OF ANY NATURE, OR FOR ANY REASON, INCLUDING WITHOUT LIMITATION, THE BREACH OF THIS AGREEMENT OR ANY EXPIRATION OR TERMINATION OF THIS AGREEMENT, WHETHER SUCH LIABILITY IS ASSERTED ON THE BASIS OF CONTRACT, TORT (INCLUDING NEGLIGENCE OR STRICT LIABILITY) OR OTHERWISE, EVEN IF WE HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

Resolution of Differences

In the unlikely event that differences concerning this Agreement should arise that are not resolved by mutual agreement, to facilitate judicial resolution and save time and expense of both parties, BPAS Actuarial and Pension Services and the Client agree not to demand a trial by jury in any action, proceeding or counterclaim arising out of or relating to this Agreement.

Other Provisions

Neither party shall be liable to the other for any delay or failure to perform any of the services or obligations set forth in this Agreement due to causes beyond its reasonable control. All terms and conditions of this Agreement that are intended by their nature to survive termination of this Agreement shall survive termination and remain in full force, including but not limited to the terms and conditions concerning payments, warranties, limitations of liability, indemnities, and resolution of differences. If any provision of this Agreement, including the Limitation of Liability clause, is determined to be invalid under any applicable law, such provision will be applied to the maximum extent permitted by applicable law, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.

Collection of Fees

In the event that Client fails to remit to BPAS Actuarial and Pension Services the fees covered under this Agreement within 90 days of the invoice date for any covered recurring service described herein or, if earlier, within 60 days of the delivery of all covered annual recurring services described herein, the Client authorizes BPAS Actuarial and Pension Services to directly invoice the above referenced Plan's Trustee or Custodian for the payment of any outstanding amounts attributable to this Agreement to the extent such fees are eligible to be paid from Plan assets. Furthermore, the above authorization shall also immediately apply if Client is a party to any bankruptcy proceeding that limits its ability to pay BPAS Actuarial and Pension Services the agreed upon fees within the above time limits. Client acknowledges that this Agreement shall serve as its only necessary authorization to the Plan's Trustee or Custodian to pay such outstanding invoiced amounts from Plan assets in accordance with the above and agrees to indemnify and hold harmless the Plan's Trustee or Custodian for its compliance with this authorization when presented by BPAS Actuarial and Pension Services to the Plan's Trustee or Custodian with an outstanding invoice covered by the terms described herein. BPAS Actuarial and Pension Services shall be held harmless in the event it exercises these provisions of this Agreement.

This Agreement will be governed by the laws of the State of New York. The sole jurisdiction and venue for actions related to the subject matter hereof shall be the state and federal courts sitting in the State of New York.