

111221

Date: May 29, 2025

To: Honorable Members of the Board of Acquisition and Contract

From: John M. Nonna
County Attorney

RE: Authority to enter into an agreement with PCF Insurance Services of the West, LLC dba SG Risk, for the provision of actuarial services to the County for the period June 1, 2025 through May 31, 2030, for a total aggregate amount not-to-exceed \$475,593 and for PCF Insurance Services of the West, LLC dba SG Risk, to subcontract with the firm of Danziger & Markhoff, LLP to provide actuarial services concerning GASB 45.

Authority is respectfully requested for the County of Westchester (the "County") to enter into an agreement with PCF Insurance Services of the West, LLC dba SG Risk ("PCF"), for the provision of actuarial services to the County for the period June 1, 2025 through May 31, 2030 (the "Agreement"). In consideration for services to be rendered, the County will pay PCF a total aggregate amount not-to-exceed \$475,593, payable as follows: an amount not-to-exceed \$90,839 for the period June 1, 2025 through May 31, 2026; \$92,656 for the period June 1, 2026 through May 31, 2027; \$94,972 for the period June 1, 2027 through May 31, 2028; \$97,346 for the period June 1, 2028 through May 31, 2029; and \$99,780 for the period June 1, 2029 through May 31, 2030. All payments will be made in equal monthly installments in accordance with the approved annual budgets.

Pursuant to the terms of the proposed Agreement, PCF will provide actuarial services pertaining to the County's Health Insurance Fund, Casualty Reserve Fund, Workers Compensation Fund, and GASB 45 self-insurance programs. These actuarial services will include:

- 1) An actuarial analysis and estimate of the County's liabilities, on a quarterly basis, in accordance with Government Accounting Standards Board ("GASB") Rule 10.
- 2) An actuarial analysis and estimate of the County's funding requirements for self-insured exposures for the County's budget years 2025 through 2030, inclusive. Funding requirements will be based on several factors, including:
 - a. The County's payout patterns
 - b. The County's report patterns
 - c. The County's reserving practices
 - d. Interest rate assumptions as discussed with the County Budget Director
 - e. Projected market analysis comparison to the County's expenditure as it relates to health insurance
 - f. Recommended percentage trend increases in health care cost

- 3) An actuarial analysis and estimate of the County's required funding to provide prudent reserve levels for its self-insured exposures for each prior fiscal year until the year 2030, which will include reserves for all the prior fiscal years through 2030, inclusive.
- 4) An assessment of the amount required to provide for catastrophic reserves for all self-insured funding requirements.
- 5) Actuarially calculate the County's loss reserve health insurance liabilities for its current and retired employees under GASB 45 on an undiscounted and discounted basis. The discounted basis should reflect interest rates of 3%, 4% and 5%.

In addition to the aforementioned services, PCF will perform, at no extra charge, additional analyses which will help the County assess its risk exposure, distribute its liability costs among the various departments, analyze any excess insurance proposal it may receive, and meet with its Budget Department, County Legislators, auditors and any other interested parties.

Authority is also requested for PCF to subcontract with Danziger & Markhoff, LLP ("D&M"), 123 Main Street, White Plains, New York 10601, for a portion of the actuarial services PCF would provide under the Agreement. Specifically, PCF seeks authority to enter into a subcontract with D&M for the purpose of having D&M effect an enhanced actuarial analysis of the actuarial services to be provided by PCF concerning GASB 45.

This proposed Agreement will serve a public purpose by providing the County with the actuarial services necessary to ensure its proper and prudent administration and operation.

The goals and objectives of the proposed Agreement are to provide to the County all of the actuarial services it will require, pertaining to the County's Health Insurance Fund, with respect to GASB 45, Casualty Reserve Fund, and Workers Compensation Fund, over the course of the next five years, to ensure the proper administration and operation of the County.

The goals and objectives of the proposed Agreement are in the best interests of the County in terms of fiscal responsibility, as the actuarial services to be provided by SGRisk will enable the County to make statistically accurate judgments and determinations about how best to financially manage and allocate the resources to address the County's possible risk exposure and liabilities.

The goals and objectives of the proposed Agreement will be tracked and monitored through regular consultations with and briefings by SGRisk on a periodic basis to the Budget Department, County Legislators, auditors, and other interested parties on various topics related to the fiscal management, analysis, and estimates of the County's liabilities; funding, reserve requirements, and catastrophic reserve requirements of self-insured exposure; loss reserve health insurance liabilities; and other actuarial services as required.

Authority to exempt this Agreement from the requirements of the Westchester County Procurement Policy and Procedures pursuant to Section 3(a) xxi thereof, has been granted by your Honorable Board in accordance with a separate resolution of even date herewith.

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

RESOLUTION

Upon a communication from the County Attorney, be it hereby:

RESOLVED, that the County of Westchester (the "County") is hereby authorized to enter into an agreement with PCF Insurance Services of the West, LLC dba SG Risk ("PCF"), for the provision of actuarial services to the County, for the period June 1, 2025 through May 31, 2030 (the "Agreement"); and be it further

RESOLVED, that in consideration for services to be rendered, the County will pay PCF a total aggregate amount not-to-exceed \$475,593, payable as follows: an amount not-to-exceed \$90,839 for the period June 1, 2025 through May 31, 2026; \$92,656 for the period June 1, 2026 through May 31, 2027; \$94,972 for the period June 1, 2027 through May 31, 2028; \$97,346 for the period June 1, 2028 through May 31, 2029; and \$99,780 for the period June 1, 2029 through May 31, 2030. All payments will be made in equal monthly installments in accordance with the approved annual budgets; and be it further

RESOLVED, that PCF is authorized to subcontract with Danziger & Markhoff, LLP ("D&M"), 123 Main Street, White Plains, New York 10601, for the purpose of having D&M effect an enhanced actuarial analysis of the actuarial services to be provided by PCF concerning GASB 45; and be it further

RESOLVED, that this Agreement is subject to County appropriations; and be it further

RESOLVED, that this Agreement is also subject to further financial analysis of the impact of any New York State Budget (the "State Budget") proposed and adopted during the term of this Agreement. The County shall retain the right, upon the occurrence of any release by the Governor of a proposed State Budget and/or the adoption of a State Budget or any amendments thereto, and for a reasonable period of time after such release(s) or adoption(s), to conduct an analysis of the impacts of any such State Budget on County finances. After such analysis, the County shall retain the right to either terminate this Agreement or to renegotiate the amounts and rates approved herein. If the County subsequently offers to pay a reduced amount to the Contractor, then the Contractor shall have the right to terminate this Agreement upon reasonable prior written notice; and be it further

RESOLVED, that the County Executive or his authorized designee is hereby authorized to execute all instruments and take all actions reasonably necessary to implement this Resolution.

Account to be
Charged/Credited

Budget Year	Fund	Dept	Major Program, Program & Phase Or Unit/Sub unit	Object/ Sub-Object	Trust Account	Dollars
2025	613	57	0007	4420	N/A	17,663.14
2025	615	59	0705/4940	4420	N/A	17,663.14
2025	617	61	0010	1680	N/A	<u>17,663.14</u>
						\$52,989.42
2026	613	57	0007	4420	N/A	30,632.97
2026	615	59	0706/5040	4420	N/A	30,632.97
2026	617	61	0010	1680	N/A	<u>30,632.98</u>
						\$91,898.92
2027	613	57	0007	4420	N/A	31,335.67
2027	615	59	0707/5140	4420	N/A	31,335.67
2027	617	61	0010	1680	N/A	<u>31,335.66</u>
						\$94,007.00
2028	613	57	0007	4420	N/A	32,118.94
2028	615	59	0708/5240	4420	N/A	32,118.94
2028	617	61	0010	1680	N/A	<u>32,118.95</u>
						\$96,356.83
2029	613	57	0007	4420	N/A	32,921.94
2029	615	59	0709/5340	4420	N/A	32,921.94
2029	617	61	0010	1680	N/A	<u>32,921.95</u>
						\$98,765.83
2030	613	57	0007	4420	N/A	13,858.33
2030	615	59	0710/5440	4420	N/A	13,858.33
2030	617	61	0010	1680	N/A	<u>13,858.34</u>
						\$41,575.00

Budget Funding Year(s) 2025-2030 Start Date 6-1-2025 End Date 5-31-2030
(must match resolution)

Funding Source Tax Dollars \$475,593.00
State Aid
\$475,593.00 Federal Aid
(must match resolution) Other