

**SCHOOL BOARD OF BREVARD COUNTY  
OFFICE OF PURCHASING SERVICES  
2700 JUDGE FRAN JAMIESON WAY  
VIERA, FL 32940-6601**

**NON-COMPETITIVE SALES AND SERVICES AGREEMENT**

**SSA #1218/JO – Actuarial Services – Office of Financial Services**

<u>Vendor Name</u>	<u>Estimated Amount of Award</u>	<u>Required Products and Services</u>
Gabriel Roeder Smith & Company	Variable	Actuarial Services

**DISCUSSION:**

Accounting Services is requesting Board approval to enter into a contract with Gabriel, Roeder, Smith and Company (GRS). The contract will engage GRS to prepare actuarial calculations for Other Post Employment Benefits (OPEB) for district retirees. Generally Accepted Accounting Principles (GAAP) requires a complete calculation to be performed by an independent actuarial firm on a semi-annual basis, and an update or roll forward calculation in the second year of the cycle. GRS has performed actuarial services for the District since fiscal year 2007. The fees provided for the current calculation and roll forward are:

<b>FY Applicable</b>	<b>Fee</b>
June 30, 2012	\$15,000
June 30, 2013	\$4,000

GRS is a national firm and is highly regarded among governments as an expert in the field of actuarial services. Since 2007 they have provided the District with excellent customer service and support to meet accounting and reporting compliance. The contract will be funded by the Health Insurance Trust Fund.

**CONTRACT TERM:**

School Years 2011/12 and 2012/13.

**RECOMMENDATION:**

It is the recommendation of Ms. Judy Preston, Associate Superintendent of Financial Services, and Staff, to approve the agreement for Actuarial Services for a variable amount for the term of the engagement.

**AUTHORITY FOR ACTION:**

Florida Administrative Code - 6A-1.012 (11) (a)

**ACTION BY BOARD:**

\_\_\_\_ Approved Recommendation(s) Above & Awarded

Meeting Date: \_\_\_\_\_

\_\_\_\_ Other \_\_\_\_\_

Joe O'Connor, Purchasing Specialist  
Office of Purchasing & Warehouse Services

Mark Langdorf, Director  
Office of Risk Management

# School Board of Brevard County

2700 Judge Fran Jamieson Way • Viera, FL 32940-6601

Brian T. Binggeli, Ed.D., Superintendent



February 3, 2012

## MEMORANDUM

To: Brian T. Binggeli, Ed. D.  
Superintendent

From: Jo Ann Clark, Director  
Accounting Services *JAC*

Re: Gabriel, Roeder, Smith and Company (GRS) Contract

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If you have questions or need further information, please contact me at extension 660.

JAC / klb

Jo Ann Clark, Director  
Office of Accounting Services  
Phone: (321) 633-1000, ext. 660 • FAX: (321) 633-3534





January 31, 2012

Ms. Judy Preston  
Associate Superintendent of Financial Services  
Brevard County School District  
2700 Judge Fran Jamieson Way  
Viera, FL 32940

**Re: GASB 45 OPEB Engagement Letter**

Dear Ms. Preston:

We are writing to provide an updated engagement letter for actuarial services relating to GASB 45 OPEB. By signing and dating this engagement letter, we and the District agree to the scope, work product and terms described herein. This engagement letter is fashioned after those for auditing services, for consistency with other professionals.

We will perform the actuarial calculations and submit a Report necessary for the District to comply with GASB Statement No. 45 for the fiscal years ending June 30, 2012 and 2013. For that valuation, we will prepare a formal Report including an Executive Summary, tables or charts presenting the development of the results, a description of all primary actuarial assumptions and methods, and a summary of the plan benefits. The valuation will recognize the implicit subsidies provided by the District. In addition, GRS will be available to meet with the Board or other Committee (such as the Audit Committee), as necessary for brief education, presentation of results, planning and other purposes.

The work papers for this engagement are the property of Gabriel, Roeder, Smith & Company (GRS). While we may be requested to make certain work papers available to auditors or to regulators pursuant to authority given by law or regulation, access to the requested work papers will be provided under supervision of GRS personnel. Furthermore, upon request, we may provide photocopies of selected work papers to regulatory agencies. These regulatory agencies may intend or decide to distribute the photocopies or information contained therein to others, including other governmental agencies.

The management of the District has responsibility for the financial statements and all representations contained therein. Management also has responsibility for preventing and detecting fraud, for adopting sound accounting policies and establishing and maintaining effective internal control to maintain the reliability of the financial statements and to provide reasonable assurances against the possibility of misstatements that are material to the financial statements. This responsibility extends to the use or misuse of the results of our OPEB Actuarial Valuation Report, presentations at on-site meetings and during telephone conferences. The Report and presentation materials may be provided to parties other than the District only in their entirety and only with the permission of the District.

Upon execution of this letter of engagement, we will prepare a Data Request Letter. The District will compile and transmit all employee and retiree census data as requested in electronic form and in the format requested. Unlike last time, GRS will combine the data from the various sources for no additional fee. However, the data in each data file provided to us (as requested in the Data Request Letter) must be complete, accurate, consistent with each other, and provided in the format requested. Additional fees may result in the event that such data is not complete and accurate and GRS must undertake additional time

charges to correct, scrub or otherwise repair the data provided. The District will collect and transmit all documentation and other information requested regarding the other post employment benefits provided.

The District agrees that all information, documents and data we request in connection with our Actuarial Valuation will be made available to us, that all such information, documents and data provided to us will be complete and accurate, that we will have the full cooperation of the District's personnel and vendors, that the District will issue a representation letter from management concerning these matters, and that GRS may rely upon such information, documents and data with no duty to inquire or audit such.

Because of the importance of management's representations as to the completeness and accuracy of the information, documents and data, it provides to GRS, the District agrees to release GRS and its personnel from any claims, liabilities, costs and expenses relating to our services under this letter attributable to any misrepresentations in the representation letter referenced above. Furthermore, GRS agrees to maintain the employee data secure and confidential. Any dispute concerning this engagement will be resolved internally and, if not, then by arbitration and with venue in Brevard County Florida. Except for gross negligence or willful misconduct, GRS liability hereunder will be limited to our fees.

In the event that GRS is requested pursuant to subpoena or other legal process to produce its documents relating to this engagement in judicial or administrative proceedings to which GRS is not a party, the District shall reimburse GRS at standard billing rates for its professional time and expenses, including reasonable attorney's fee, incurred in responding to such request.

The base fees for the services are described in the following chart:

<b>FY Applicable</b>	<b>Valuation Date</b>	<b>Fee</b>
June 30, 2012	January 1, 2012	\$15,000
June 30, 2013*	January 1, 2012	\$4,000

*\*The off-year of this engagement presumes a "roll-forward", whereby the previous year's valuation would be adjusted so as to apply to the projected year. GASB Statement No. 45 permits fully compliant valuations every other year unless significant changes occur, in which case a new fully compliant valuation must be performed. If requested in the off-year, we will provide a letter presenting the calculation of the Annual OPEB Cost for expensing for the year. If a fully compliant valuation were required or requested by the School Board in the intermediate year(s), the cost would be developed by adjusting the initial actuarial report fee for inflation.*

Invoices will be prepared monthly for work in progress with amounts due and payable within 30 days of invoice date. Any on-site meeting, if desired, will be billed at the rate of \$2,000. If no such presentation meeting is required, no such fee will be charged. There is no additional fee for telephone conferences, of course. In any event, fees payable under the terms of this Engagement Letter shall not exceed \$25,000. Subject to such limit, additional studies or other services will be performed upon request with, whenever possible, fixed fee quotes provided in advance.

We recommend that our clients perform fully compliant valuations every year (rather than every other year, as contemplated in this Engagement Letter) because so many things can happen in the course of a year or two, resulting in unexpected increases and decreases. However, we are presenting this Engagement Letter

for biennial valuations as a lower cost alternative. Let us know if you would like to amend this Engagement Letter to perform fully compliant actuarial valuations annually.

GRS shall indemnify and hold harmless the School Board of Brevard County, its elected officials and appointed officials, employees, and agents from any and all claims, suits, actions, damages, liability, and expenses (including attorney fees) in connection with loss of life, bodily or personal injury, or property damage including loss of use thereof, directly or indirectly caused by, resulting from, arising out of or occurring in connection with the operations of the GRS or its officers, employees, agents, or independent contractors, excepting only such loss of life, bodily or personal injury, or property damage is solely attributable to the gross negligence or willful misconduct of School Board of Brevard County or its elected or appointed officials and employees. The above provisions shall survive the termination of this Agreement and shall pertain to any occurrence during the term of this Agreement, even though the claim may be made after the termination hereof. Nothing contained herein is intended nor shall be construed to waive School Board of Brevard County's rights and immunities under the common law or Florida Statutes including, but not limited to, Florida Statutes 768.28, as amended from time to time.

We stand behind these results and are available to assist management in other strategic areas for controlling the OPEB liabilities. This letter of engagement will be automatically renewed as of each January 1 in accordance with the two-year cycle described above, with fees adjusted for inflation. Either party may terminate, non-renew or propose amendments to the engagement by giving a 60-day advance written notice. The School Board of Brevard County reasonably believes that sufficient fiscal funds will be obtained for the term of this agreement. The School Board shall have the right, within thirty (30) days after the beginning of the 2012/13 fiscal year (July 1, 2012) and any subsequent years to terminate this agreement, upon written notice, without further obligation if fiscal funds are not appropriated.

Please return this signed agreement and retain a copy for your records. We thank you and other District officials for your confidence in our firm and look forward to working with you in the year ahead. If you have any questions regarding this engagement letter, please do not hesitate to contact us.

Sincerely,



James J. Rizzo, ASA, MAAA  
Senior Consultant and Actuary  
Gabriel, Roeder, Smith & Company

JJR

For the Brevard County School District

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date