TCS Total Compensation Systems, Inc.

December 05, 2012

Russi Egan
Fiscal Services Manager
Palo Verde Community College District
One College Drive
Blythe, CA 92225

Dear Russi,

Thank you for your request for a proposal for GASB 45 actuarial valuation services. As you know, Total Compensation Systems, Inc. (TCS) has specialized in health actuarial services for California school employers for more than twenty years. During that time, we have performed retiree health valuations for more than 400 districts. (Our client list is attached).

Because we have performed valuations for so many California school and community college districts, we are able to quote a flat, guaranteed fee for comprehensive services. Our fee would be $3,900. This fee does not include any on-site meetings. Any required meetings would be billed at an additional fee of $1,600, which includes all travel and meeting preparation expenses. Meetings are rarely needed to conduct the valuation, but some districts choose to have a meeting for a Board presentation or a presentation to employee groups.

Our comprehensive valuation would include the following items.

- A ten year projection of the cash outlay to pay for retiree health benefits.
- An estimate of the "normal cost" - i.e. the value of retiree health benefits earned by active employees in the current year.
- An estimate of the actuarial accrued liability (AAL) i.e. the cumulative value of earned benefits for both active employees and retirees.
- Payments that would be required to amortize the unfunded AAL.
- A discussion of actuarial methods and assumptions.
- Appendices to assist the employer in complying with applicable GASB accounting standards (i.e. GASB 12, 43 and/or 45).
- Other information including a glossary, demographic summary, etc.
- Cost and liability estimates would be separated between active employees and current retirees where applicable.
- Cost and liability estimates would be separated between up to three employee classifications.

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To begin a study, we would need several things. First, we would need a description of benefit eligibility which can be provided via relevant sections of bargaining agreements or Board policy. Second, we would need information about the cost of retiree benefits. We would also need the balance of any reserve funds held explicitly for retiree health benefits, along with the "as of" date for the balance.

As far as demographic information, attached are data elements that are typically required to complete a study. We prefer data on CD-ROM or E-mail.

Please let me know if you have any questions about the above or about retiree health benefits, in general.

Sincerely,

Geoffrey L. Kischuk, FSA, FCA, MAAA
Consultant
Total Compensation Systems, Inc.
5699 Kanan Road, #316
Agoura Hills, CA 91301
(805)496-1700
totcomp@aol.com

encl.

Valuation Data Checklist

The following data is needed to conduct the valuation of retiree health benefits.

General Information: We prefer to receive any documents in an electronic format, such as PDF's

- ☐ **Benefit Description, including retiree health eligibility rules, extent of employer contribution and duration of coverage (typically found in collective bargaining agreements, board policies, etc.)**
- ☐ **The balance and "as of" date for any funds held explicitly for retiree health benefits in an irrevocable trust**
- ☐ **OPEB Notes section from most recent available audit report**

Demographic Information: *We prefer to receive data via email in a standard digital format (e.g., Excel, ASCII Text, DBF, Access, etc.) Our email address is totcomp@aol.com. Please ensure that Active and Retiree data have the same "as of" date:*

Active Employees:

- ☐ **SSN, ID # or other unique identifying information**
- ☐ **DOB – date of birth**
- ☐ **Sex**
- ☐ **DOH – date of hire**
- ☐ **% of FTE Indicator**
- ☐ **Employee classification/bargaining unit**
- ☐ **Current rate of regular pay used to generate pension credits**
- ☐ **Frequency of above pay rate: e.g., hourly, monthly, annual, etc.**

Retired Employees:

- ☐ **Include only record for retirees who receive medical/dental benefits indicating which benefit(s) each retiree has**
- ☐ **SSN, ID # or other unique identifying information**
- ☐ **DOB – date of birth**
- ☐ **Sex**
- ☐ **Retirement Date, if available**
- ☐ **Employee classification/bargaining unit**
- ☐ **District Contribution for retiree health benefits or enrollment plan, if available.**

TCS Actuarial Clients

Following is a list of California public employers for which we have performed retiree health valuation services.

ABC Unified School District
Acalanes Union High School District
Adelanto Elementary School District
Albany Unified School District
Alisal Union School District
Allan Hancock Joint Community College District
Alpine County Office of Education
Alpine Unified School District
Alta Loma School District
Alum Rock Union Elementary School District
Alvord Unified School District
Amador County Office of Education
Amador Unified School District
Amador Water Agency
American River Flood Control District
Anaheim Union High School District
Anderson Union High School District
Antelope Valley College
Antelope Valley-East Kern Water Agency
Apple Valley Unified School District
Aptos - La Selva Fire Protection District
Arcadia Unified School District
Arcata Elementary School District
Arcohe Union School District
Armona Union Elementary School District
Auburn Union Elementary School District
Azusa Unified School District
Baldy View Regional Occupation Program
Banning Unified School District
Banta Elementary School District
Barstow Community College District
Bassett Unified School District
Beach Cities Health District
Bear Valley Unified School District
Beaumont-Cherry Valley Recreation and Park District
Bella Vista Elementary School District
Belmont Redwood Shores School District
Berkeley Unified School District
Big Bear City Community Services District
Blue Lake Union School District
Bonny Doon Union Elementary School District
Brawley Elementary School District
Burbank Unified School District
Burnt Ranch Elementary School District
Butte Valley Unified School District
Butte-Glenn Community College District
Cabrillo College Foundation
Cabrillo Community College District
Cachuma Operations & Maintenance Board
Calexico Unified School District
Calistoga Joint Unified School District
Camarillo Health Care District
Capistrano Unified School District
Carmichael Water District
Carpinteria Sanitary District
Cascade Union Elementary School District
Castaic Union School District
Castro Valley Unified School District
Castroville Community Services District
Central Elementary School District
Central Union School District (Kings)
Ceres Unified School District
Cerritos Community College District
Chabot-Las Positas Community College District
Chaffey Community College District
Charter Oak Unified School District
Chatom Union School District
Chino Valley Unified School District
Chualar Union School District
Cinnabar Elementary School District
Citrus Community College District
City College of San Francisco Bookstore
City of Adelanto
City of Arcadia
City of Arcata
City of Bellflower
City of Buena Park
City of Chino Hills
City of Colton
City of Downey
City of Elk Grove
City of Emeryville
City Of Eureka
City of Folsom

City of Garden Grove
City of Glendora
City of Hawthorne
City of Imperial Beach
City of Industry
City of Ione
City of Irwindale
City of La Cañada Flintridge
City of La Palma
City of La Puente
City of Lake Forest
City of Lakeport
City of Lawndale
City of Loma Linda
City of Los Alamitos
City of Los Banos
City of Malibu
City of Menifee
City Of Modesto
City of Monrovia
City of Morro Bay
City of Norwalk
City of Palm Springs
City of Palos Verdes Estates
City of PorterVille
City of Red Bluff
City of Rialto
City of Rolling Hills
City of San Clemente
City of San Pablo
City of Scotts Valley
City of Signal Hill
City of Simi Valley
City of Solvang
City of Sparks
City of Tustin
Claremont Unified School District
Cloverdale Unified School District
Clovis Unified School District
Coachella Valley Unified School District
Coalinga Huron Joint Unified School District
Coast Community College District
Coastline Regional Occupational Program
Colfax Elementary School District
College of Marin
College of the Desert
College of the Redwoods
College of the Sequoias
College of the Siskiyous
Colton Joint Unified School District
Columbia Elementary School District
Compton Community College District
Compton Creek Mosquito Abatement District
Conejo Valley Unified School District
Contra Costa Community College District
Contra Costa County Office of Education
Contra Costa SELPA
Corcoran Joint Unified School District
Corning Union Elementary School District
Corona-Norco Unified School District
Cottonwood Elementary School District
County of San Benito
Cucamonga School District
Cuesta College
Culver City Unified School District
Cupertino Unified School District
Cutten Elementary School District
Cypress Unified School District
Davis Joint Unified School District
Del Norte County Office of Education
Del Norte County Unified School District
Del Paso Manor Water District
Delano Union School District
Denair Unified School District
Desert Health Care District
Desert Sands Unified School District
Diocese of San Bernardino
Dixon Unified School District
Dos Palos Oro Loma Joint Unified School District
Duarte Unified School District
Ducor Union Elementary School District
Durham Unified School District
East Whittier City School District
EastSide Union High School District
Eastside Union School District
Eden Area Regional Occupation Program
EGBERT - Elk Grove Benefit Employee Retirement Trust
El Camino Community College District
El Dorado County Transportation Commission
El Dorado Hills Community Services District
El Dorado Union High School District
El Rancho Unified School District
El Segundo Unified School District
Elk Grove Unified School District
Emery Unified School District
Enterprise Elementary School District

Escalon Unified School District
Etiwanda School District
Eureka City Schools
Evergreen School District
Fairfax Elementary School District
Fall River Joint Unified School District
Feather River Community College District
Ferndale Unified School District
Fontana Unified School District
FootHill-DeAnza Community College District
Forest Hill Union School District
Forestville Union School District
Fortuna Union High School District
Fountain Valley Elementary School District
Fowler Unified School District
Fremont Unified School District
Fremont Union High School District
Freshwater School District
Fresno Unified School District
Fullerton Joint Union High School District
Galt Joint Union Elementary School District
Garfield School District (Humboldt)
Garvey Elementary School District
Gateway Unified School District
Gavilan Community College District
Glendale Community College District
Glenn County Office of Education
Gold Coast Transit
Goleta Water District
Goleta West Sanitary District
Grant Joint Union High School District
Grenada Elementary School District
Grossmont-Cuyamaca Community College District
Guernville Elementary School District
Hacienda La Puente Unified School District
Hanford Joint Union High School District
Happy Camp Union Elementary School District
Happy Valley Union Elementary School District
Hart Ransom Academic Charter School
Hart Ransom Union Elementary School District
Hartnell Community College District
Hayward Unified School District
Hemet Unified School District
Hillsborough City School District
Hope Elementary School District
Housing Authority City of San Buenaventura
Hughson Unified School District
Humboldt Bay Harbor Recreation and Conservation District
Humboldt County Office of Education
Humboldt State University Center
Humboldt Transit Authority
Igo-Ono-Plantina Elementary School District
Imperial Valley College
Indian Springs Elementary School District
Ironhouse Sanitary District
Jacoby Creek Charter School
Jefferson Elementary School District (San Mateo)
Jefferson School District (San Joaquin)
Jefferson Union High School District
Jesuit High School
Junction Elementary School District
Kelseyville Unified School District
Kensington Police Protection & Community Service District
Kerman Unified School District
Kern Community College District
Kern Council of Governments
Kernville Union School District
King City Union School District
Kings County Office of Education
Kings River Union Elementary School District
Kings River-Hardwick Union School District
Kingsburg Elementary Charter School District
Kit Carson Union School District
Klamath-Trinity Joint Unified School District
Knights Ferry Elementary School District
Konocti Unified School District
LA County Community Development Commission
La Habra City School District
Lafayette School District
Laguna Beach Unified School District
Lake Elsinore Unified School District
Lake Tahoe Community College District
Lakeside Union School District
Lancaster School District
Las Lomitas School District
Las Virgenes Municipal Water District
Las Virgenes Unified School District
Lassen Community College District
Lassen County Office of Education
Laton Unified School District
Le Grand Union Elementary School District
Le Grand Union High School District
Lemoore Union Elementary School District
Lemoore Union High School District
Lewiston Elementary School District
Liberty Union High School District

Lincoln Unified School District
Linden Unified School District
Live Oak School District
Live Oak Unified School District
Livermore/Amador Valley Transit Authority
Long Beach City College
Loomis Union School District
Los Angeles County Law Library
Los Angeles County West Vector & Vector Borne Disease Control District
Los Gatos Union School District
Los Gatos-Saratoga Joint Union High School District
Madera County Office of Education
Magnolia School District
Marin County Office of Education
Mark West Union School District
Martinez Unified School District
Marysville Joint Unified School District
McKinleyville Community Services District
McKinleyville Union School District
McSwain School District
Mendocino Unified School District
Mendocino-Lake Community College
Mendota Unified School District
Menlo Park City School District
Merced City School District
Merced Community College District
Merced County Office of Education
Merced Union High School District
Mid-Peninsula Open Space District
Mid-Placer Public Schools Transportation Agency
Middletown Unified School District
Millbrae School District
Milpitas Unified School District
Mission Union School District
Montecito Sanitary District
Montecito Water District
Monterey County Schools Insurance Grp - MCSIG
Monterey Peninsula Community College District
Monterey Peninsula Unified School District
Moorpark Unified School District
Moraga Elementary School District
Moreland School District
Morongo Unified School District
Mosquito & Vector Management of Santa Barbara County
Mount Pleasant Elementary School District
Mount San Antonio Community College District
Mount San Antonio Community College District Auxilary
Mount San Jacinto Community College District
Mount Shasta Union School District
Mountain Valley Unified School District
Mountain View Elementary School District
Mountain View Los Altos Union High School District
Mt. Diablo Unified School District
Muroc Joint Unified School District
Murrieta Valley Unified School District
Napa County Office of Education
Natomas Unified School District
Nevada Joint Union High School District
New Hope Elementary School District
New Jerusalem Elementary School District
Newcastle Elementary School District
Newman Crows Landing Unified School District
NOCROP
North Cow Creek Elementary School District
North Monterey County Unified School District
North Orange County Community College District
North Sacramento Elementary School District
North Tahoe Fire Protection District
Northern Humboldt Union High School District
Norwalk La Mirada Unified School District
Oakdale Joint Unified School District
Oakland Unified School District
Oakley Union Elementary School District
Ocean View School District (Ventura)
Oceanside Unified School District
Ohlone Community College District
Old Adobe Union School District
Ontario-Montclair School District
Orange County Superintendent of Schools
Orange Unified School District
Orcutt Union School District
Oxnard School District
Oxnard Union High School District
Pacheco Union School District
Pacific Grove Unified School District
Pacific Union School District
Pajaro Valley Unified School District
Palm Desert Charter Middle School
Palm Springs Unified School District
Palmdale School District
Palo Alto Unified School District
Palo Verde Community College District
Palo Verde Unified School District
Palomar Community College District
Palos Verdes Peninsula Unified School District

Paradise Elementary School District
Pasadena City College District
Paso Robles Joint Unifed School District
Patterson Joint Unified School District
Perris Elementary School District
Perris Union High School District
Piedmont Unified School District
Pioneer Union School District
Pittsburg Unified School District
Placer County Office of Education
Placer Hills Union School District
Planada Elementary School District
Pleasant Valley School District
Plumas County Office of Education
Plumas Unified School District
Portola Valley School District
PSA2 Area Agency on Aging
Rancho Santiago Community College District
Reclamation District No. 1000
Redding Elementary School District
Redlands Unified School District
Reef-Sunset Unified School District
Rialto Unified School District
Richfield Elementary School District
Rim of the World Unified School District
Rincon Valley Union School District
Rio Dell Elementary School District
Rio Hondo Community College District
Rio School District
Ripon Unified School District
Riverbank Unified School District
Riverdale Joint Unified School District
Riverside Community College District
Riverside Transit Agency
Roberts Ferry Elementary School District
Robla School District
Rocklin Unified School District
Rohnerville School District
Romoland School District
Rosedale Union School District
Roseland Elementary School District
Roseville City School District
Ross School District
Rowland Unified School District
Sacramento City School District
Saddleback Valley Unified School District
Salinas City Elementary School District
Salinas Union High School District
San Andreas Sanitary District
San Benito County Office of Education
San Benito County Water District
San Bernardino City Unified School District
San Bernardino Community College District
San Bernardino County Superintendent of Schools
San Bruno Park School District
San Francisco Community College District
San Francisco Unified School District
San Gabriel Valley Municipal Water District
San Jacinto Unified School District
San Joaquin County Office of Education
San Joaquin Delta Community College District
San Jose Evergreen Community College District
San Juan Unified School District
San Lorenzo Valley Unified School District
San Luis Coastal Unified School District
San Luis Obispo County Superintendent
San Mateo County Community College District
San Mateo County Office of Education
San Mateo-Foster City School District
Santa Ana Unified School District
Santa Barbara Community College District
Santa Clarita Community College District
Santa Cruz City School District
Santa Cruz County Office of Education
Santa Cruz Metropolitan Transit District
Santa Maria Public Airport District
Santa Monica Community College District
Santa Monica-Malibu Unified School
Santa Rita Union School District
Saugus Union Elementary School District
Savanna Elementary School District
Scotts Valley Unified School District
Selma Kingsburg Fowler County Sanitation District
Sequoia Union High School District
Shasta County Office of Education
Shasta Tehama Trinity Joint Community College District
Shasta Union Elementary School District
Shasta Union High School District
Shasta-Trinity ROP JPA
Sierra Joint Community College District
Simi Valley Unified School District
Siskiyou County Office of Education
Siskiyou Union High School District
Snowline Joint Unified School District
Solano County Community College District
Solano County Office of Education

Soledad Unified School District
Sonoma County Library
Soquel Union School District
South Bay Union School District
South Fork Union School District
South Monterey County High School District
South Orange County Community College District
Southern California Library Cooperative
Southern Humboldt Joint Unified School District
Southern Trinity Joint Unified School District
Southwestern Community College District
St. Helena Unified School District
Stanislaus County Office of Education
Stanislaus Union School District
Stellar Charter School
Stockton Unified School District
Sulphur Springs Elementary School District
Sunnyside Union Elementary School District
Sunnyvale School District
Susanville School District
Sutter County Office of Education
Sylvan Union Elementary School District
Tahoe-Truckee Sanitation Agency
Tahoe-Truckee Unified School District
Temple City Unified School District
Torrance Unified School District - Current Plan
Torrance Unified School District - Grandfathered Retirees
Town of Fairfax
Tracy Joint Unified School District
Trinidad Union School District
Trinity Alps Unified School District
Trinity County Office of Education
Truckee Fire Protection District
Truckee Sanitary District
Trust for Retirees of Associated California Schools
Turlock Unified School District
Tustin Unified School District
Twin Hills Union School District
Upper Lake Union Elementary School District
Val Verde Unified School District
Valley Home Elementary School District
Valley Sanitary District
Ventura County Community College District
Victor Elementary School District
Victor Valley Community College District
Victor Valley Union High School District
Walnut Creek School District
Washington Charter School District
Washington Unified School District
Washington Union High School District
Washington Union School District
Weed Union Elementary School District
West Hills Community College District
West Kern Community College District
West Sonoma County Union High School District
West Valley Mission Community College District
Western Placer Unified School District
Westside Union School District
Wheatland School District
Wheatland Union High School District
William S. Hart Union High School District
Williams Unified School District
Wilsona School District
Winters Joint Unified School District
Winton School District
Woodlake Unified School District
Woodlake Union Elementary School District
Woodlake Union High School District
Woodland Joint Unified School District
Yolo County Office of Education
Yorba Linda Water District
Yosemite Community College District
Yreka Union Elementary School District
Yreka Union High School District
Yuba Community College District
Yuba County Office of Education
Yucaipa-Calimesa Unified School District

CONSULTING SERVICES AGREEMENT

This Agreement is entered into effective the 15th day of December, 2012 by and between Total Compensation Systems, Inc. ("Consultant"), a California corporation with principal offices located at 5655 Lindero Canyon Road, Suite 223, Westlake Village, California, 91362 and Palo Verde Community College District ("Customer").

The following shall govern the provision of consulting services by Consultant to Customer.

1. Consulting Services. Consultant shall provide the consulting services described on Schedule 1 attached hereto.

2. Compensation to Consultant. Customer shall pay Consultant for the consulting services described on Schedule 1 attached hereto the compensation set forth on Schedule 2 attached hereto.

3. Term and Termination. (a) Term. This Agreement shall commence on the date first written above and shall continue in effect until October 31, 2013, or until all consulting services described on Schedule 1 have been performed, whichever occurs first, unless sooner terminated in accordance with the provisions of this Agreement. (b) Termination Without Cause. This agreement may be terminated at any time by either party upon sixty (60) days prior written notice to the other party. (c) Termination With Cause. Either party shall have the right to terminate this Agreement upon the failure of either party to observe any of the covenants and agreements required to be observed by it under this Agreement, and such failure continues for a period of thirty (30) days after written notice thereof. (d) Rights and Obligations after Termination. Termination of this agreement shall not relieve either party of any rights or obligations arising out of the Agreement prior to termination, with the exception that the amount of the final payment that shall be made by Customer shall be based solely upon the percentage of work that was completed by Consultant.

4. Customer Will Provide Information. Customer shall provide Consultant with the information necessary for Consultant to provide the consulting services described on Schedule 1 attached hereto.

5. Authorization to Acquire Information. Customer hereby authorizes Consultant to acquire the necessary information reasonably required by Consultant to provide the consulting services described on Schedule 1 attached hereto from any agency, agencies, source or sources.

6. Customer's Right to Provide Information. Customer represents and warrants to Consultant that it has the right to provide the information that will be given by Customer to Consultant, or which will be acquired by Consultant pursuant to paragraphs 4 and 5 above.

7. Limitation on Services. Customer understands that Customer retains sole authority and responsibility for the operation and design of all Customer's employee benefit plans.

8. Ownership of Systems and Materials. All systems, programs, operating instructions, forms and other documentation prepared by or for Consultant shall be and remain the property of Consultant. All data source documents provided by Customer shall remain the property of Customer.

9. Indemnification. (a) By Customer. Customer hereby agrees to defend and indemnify Consultant and hold Consultant harmless against any claims, injury, costs or damages (including actual

attorneys' fees incurred) resulting from Customer's gross negligence or willful misconduct. (b) By Consultant. Consultant hereby agrees to defend and indemnify Customer and hold Customer harmless against any claims, injury, costs or damages (including actual attorneys' fees incurred) resulting from Consultant's gross negligence or willful misconduct.

10. General.

a. Relationship of the Parties. The relationship between Consultant and Customer established by this Agreement is that of independent contractors. Consultant and Customer shall each conduct its respective business at its own initiative, responsibility, and expense, and shall have no authority to incur any obligations on behalf of the other.

b. Force Majeure. No party shall have liability for damages or non-performance under this Agreement due to fire, explosion, strikes or labor disputes, water, acts of God, war, civil disturbances, acts of civil or military authorities or the public enemy, transportation, facilities, labor, fuel or energy shortages, or other causes beyond that party's control.

c. Entire Agreement. This Agreement and the Schedules attached hereto contain the entire agreement between the parties and supersedes all previous agreements and proposals, oral or written, and all negotiations, conversations, or discussions between the parties related to the subject matter of this Agreement. This Agreement shall not be deemed or construed to be modified, amended, rescinded, canceled or waived in whole or in part, except by written amendment signed by both of the parties hereto.

11. Confidentiality. Consultant recognizes that its work will bring it into close contact with confidential information of Customer, including personal information about employees of Customer. Consultant agrees not to disclose anything that is the confidential information of Customer, or that is proprietary to Customer, including its software, its legacy applications, and its databases, to any third party.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as set forth below.

"CONSULTANT" TOTAL COMPENSATION SYSTEMS, INC.	"CUSTOMER" PALO VERDE COMMUNITY COLLEGE DISTRICT
Signed:_____	Signed:_____
By:_____Geoffrey L. Kischuk_____	By:_____
Title:_____President_____	Title:_____
Date:_____	Date:_____

SCHEDULE 1

For the purposes of this Agreement, "consulting services" shall include the following services provided by Consultant to Customer:

A consulting report including all actuarial information necessary for Customer to comply with the requirements of current and future GASB accounting standards related to retiree health benefits. Study results will be separated between three employee classifications. Consultant will provide as many copies of the final report as Customer shall reasonably request.

Services do not include Consultant's attendance at any meetings, unless requested at the fee shown in Schedule 2.

SCHEDULE 2

Customer shall pay Consultant for the retiree health valuation report a total of $3,900. One-half, or $1,950 shall be due within 30 days of the commencement of work by Consultant. One-half, or $1,950 shall be due within 30 days of the delivery by Consultant to Customer of the draft consulting report (or within 30 days of contract termination, if earlier).

In addition to the above fees, Customer agrees to pay Consultant an all-inclusive fee of $1,600 per meeting to attend meetings related to the consulting services. Customer shall pay such meeting fees within 30 days of the meeting.