



April 24, 2026

Ms. Lauren Swift
Accounting Manager
Galveston County
722 Moody, 4th Floor
Galveston, TX 77550

Re: Engagement Letter for the December 31, 2025 OPEB valuation and the GASB 74/75 Valuation Reports for fiscal years ending 2026 and 2027.

Dear Ms. Swift,

The following is a pricing quote for a GASB 74/75 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 cost of services for Galveston County is \$28,880. This price is based on receiving data in the standard GRS format and using the following assumptions:

Pricing Category	Pricing Parameters	Fee
Annual or Biennial	Biennial	
Number of Participants	1,000 - 2,499	\$16,890
Claims Analysis Required	Yes	\$2,835
Health Plans	1. HDHP 2. Base 3. Buy-Up 4. Medicare Supplement	\$2,175
Retirement Plans	1. TCDRS	\$0
Life Insurance Benefit	No	\$0
Implicit Subsidy Only Discount	Not Eligible	\$0
Plan Change Not Previously Valued	No	N/A
OPEB Trust or Equivalent Arrangement	Yes	\$2,180
Single Discount Rate Test	No	\$0
Plan Only Reporting Package	No	\$0
Retiree Life Reserve Valuation and Report	Yes	\$4,800
Calculation of an Actuarially Determined Contribution	No	\$0
Total		\$28,880

Basic Services

- Actuarial valuation of employer OPEB in compliance with the requirements of GASB Statements No. 74 and No. 75. The valuation report will include, but is not limited to, the following:
 - > The updated Net OPEB Liability, based on the appropriate discount rate for the reporting period.
 - > A reconciliation of the Total OPEB Liability, which shows, among other items, the impact of benefit changes, assumption changes, and demographic gains/losses separately.
 - > The OPEB expense and supplementary information required by GASB 74/75.
 - > The characteristics of covered active members, retirees, and beneficiaries and other information required for the note disclosures.
 - > A statement of outflows and inflows arising from the current reporting period.
 - > A statement of outflows and inflows to be recognized in future OPEB expense.
 - > A sensitivity analysis providing the Net OPEB Liability based on a 1% higher and 1% lower discount rate.
 - > A sensitivity analysis providing the Net OPEB Liability based on a 1% higher and 1% lower health care trend assumption.

Billing Schedule

GRS pricing assumes 30% paid upon acceptance by the government of the engagement, 40% upon delivery of the draft full valuation, and 30% upon delivery of the draft roll-forward report in the second year.

The Master Agreement allows for automatic fee increases based on changes in the Consumer Price Index (CPI), starting in January of 2019. Any CPI related increases will not apply to the fees in this schedule until the next valuation cycle. In March 2023, the NCTCOG approved an amendment with an updated fee schedule to better align fees with services provided.

Basic Options Study

It is anticipated that Galveston County may want to consider options for mitigating its OPEB liability. Basic 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 \$1,650 per study.

Fees for plan redesign studies that are not considered basic will be communicated after the specifics of the proposed plan changes are discussed.

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:

<u>GRS Resource Classification</u>	<u>Hourly Rates</u>
Lead Actuary	\$420
Actuarial Staff	\$270
Support Staff	\$235

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

GALVESTON COUNTY, TX



June 22, 2026
Date

GABRIEL, ROEDER, SMITH & COMPANY



Daniel J. White, Vice President

4/24/2026
Date