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July 10, 2019

PRIVATE & CONFIDENTIAL

Mr. Ted Henry
Chairman of the Board of Commissioners
Genesee County
1101 Beach St.
Flint, MI 48502

Dear Ted:

On behalf Plante Moran and Plante Moran Group Benefit Advisors II, LLC (PMGBA), we are complimented by your decision to retain us for assisting Genesee County (Genesee, County) with its assessment and strategy development for retiree medical benefits. This letter will outline the project plan and Professional Service Agreement for our engagement.

General Overview

The County is interested in conducting an evaluation of its retiree medical benefits for the purpose of considering alternate plan strategies as a means to reduce the cash expenses and OPEB liabilities associated with the existing plans.

Under the current situation, employees and retirees are covered by the benefit terms of approximately 18 different collective bargaining agreements. The County operates plans with a number of carriers with Blue Cross Blue Shield of MI (BC) being its primary vendor/administrator for medical benefits.

This engagement letter and the accompanying Professional Service Agreement (PSA) outlines the range of services we expect to provide during the coming months. However, if after you review the workplan, we will discuss any necessary adjustments.

Workplan

PMGBA and P&M will follow a process anchored on Data Collection, Plan Analytics, Initial, and one Final Management Presentation of Plan cost and benefit information for the County leadership to consider for future implementation. In an

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effort to keep professional fees within the desired cost range, while we anticipate having dialogue with both management and organized labor leadership, this project scope is based upon limiting actual meetings to a maximum of six (6) two hour presentations with the County and its human resources, finance, and labor leadership. Additional meetings are possible and will entail an extension of this project scope. We have organized the project based on the following workplan.

Step 1 - Data Collection

We will work with you to collect the following relevant medical and prescription drug plan information for active and retired employees:

- **Complete description of the plan design – generally includes; a booklet, carrier contract, summary of Benefits and Coverage, Benefits At A Glance, or Collective Bargaining Agreement.**
- **Copy of the current BC and other carriers' agreements including:**
 - **Administrative Service Agreement (ASO)**
 - **Schedule A of the ASO agreement (document that outlines all the plan administrative fees)**
 - **Stop Loss agreement**
- **Any other third party agreements such as;**
 - **COBRA administration**
 - **FSA, HRA, HSA administrative agreements**
 - **HIPAA support services as applicable**
 - **Wellness vendor agreements as applicable**
 - **Other relevant vendor service agreements**
- **We will work with you and your carriers to collect historical claims and enrollment data**
 - **We can collect this directly with your authorization. We will need the past 24 to 36 months of claims, enrollment, shock claims, specific and/or any aggregate stop loss claims, etc. Data should be segregated by actives, pre-65 retirees, and Medicare eligible retirees.**
- **Copies of the annual renewal information prepared by each carrier and/or the County's benefit advisor.**
- **Demographic information. We will forward a format once we see the plan structure. This will streamline the data collection needs and ensure we get everything needed in the first (and only) request.**
- **Information on Genesee's selected method for P.A.152 compliance and the initial data of compliance.**
- **Employee contribution information.**

- **Current CBAs.**
- **COBRA enrollment and COBRA rates**
- **Copy of the most recent retiree medical valuation report from the County's actuary.**

Upon collection of the relevant data, we will organize plans with a master list of bargaining unit and medical plan options so that we properly understand all permutations in terms of carriers, medical plan design, eligibility, etc. If we determine additional information is needed we will work with you and your carriers to collect such data.

Step 2 – Analysis

Upon receipt of the above data we will begin an analytical process aimed at producing an initial findings report that:

- **Summarizes the current state with specific plan, gross/net costs by actives, pre-65 retirees, and Medicare eligible retirees.**
- **Information on distribution of staff/retirees, coverage tier, and years of service.**
- **Historical calculation of plan costs broken down by coverage tier for:**
 - **Claims cost**
 - **Plan administrative costs**
 - **Stop loss premiums**
 - **Other costs, e.g. specialized vendor administrative fees (if any), state/federal premium taxes, etc.**
 - **Total current and projected accrual costs as compared with current COBRA rates.**

The analytical information above will allow us to lead a discussion with Genesee leadership aimed at preparing a strawman report of possible plan changes. We anticipate leading a two-hour planning meeting with you and Genesee leadership to:

- **Introduce the initial report of findings above so that we can establish a baseline for plan and plan operating expenses.**
- **Outline a list of potential changes to plan design, eligibility, benefit type, e.g. traditional, Medicare Advantage, notional Health Reimbursement**

Account, or other approaches to introducing a more sustainable cost structure for future retiree medical benefits.

- **Commentary on the current actuarial assumptions used for GASB OPEB liabilities and discussion of alternative approaches and the impact of each.**

Step 3 – Revised Plan Structure and Estimated Cost Impact

At the conclusion of Step 2, we will use the feedback provided during our initial findings report to design two optional retiree medical plan approaches for the consideration of the County. Our design alternatives will address:

- **Plan design**
- **Eligibility of current and future retirees**
- **Employee/retiree contributions**
- **Estimated financial impact to cost structure**

Our updated report of findings will be presented to County leadership during a two-hour meeting where we explain the nature of the changes, the rationale for the changes, and the impact from a cost, administrative, implementation, and bargaining perspective. We would expect that upon delivery of this report, we will take any final feedback provided by Genesee leadership to publish a final findings with recommendations of the preferred approach for future pursuit by Genesee.

As noted above, our project plan allows for up to six (6) two hour meetings. While we have not outlined each meeting, we have built such meetings into the project plan knowing the likely necessity of such meetings to further dialogue and/or explain certain matters as they relate to plan costs, design, eligibility, vendors, etc.

Timing

We are prepared to begin the project upon receipt of your authorization by returning a signed copy of this engagement letter. We anticipate that once we receive the information necessary the project will take approximately 12 to 16 weeks for completion.

Professional Fees

PMGBA establishes its professional fees based on the combination of the estimated time and materials needed to successfully complete the project as outlined, and assignment of qualified staff to do the work. Based on our discussions to date our

professional fees for the project scope outlined in this engagement letter, will range between \$28,000 and \$40,000, with the later amount being the not to exceed limit for the project as outlined.

As is customary, PMGBA will invoice for its services once per month for the fees associated with the completed work. Payment of such fees is in accordance with our operating standards outlined in the Professional Service Agreement section of this letter.

Summary

We are honored by your selection of PMGBA specialists to conduct this analysis and work with you and other Genesee County leadership on this important project.

We believe this engagement letter and workplan encompasses our recent discussions. However, if you do have any additional questions, comments, or specific needs not covered in this project scope, please contact me directly and we can discuss any needed adjustments.

Again, we appreciate the opportunity to work together with you and Genesee County.

Sincerely,

PLANTE MORAN GROUP BENEFIT ADVISORS II, LLC



Edward M. Murphy, President

cc: Pam Hill, Partner, Plante & Moran, PLLC

Agreed and Accepted

We accept this engagement letter which sets forth the entire agreement between Genesee County and Plante Moran Group Benefit Advisors II, LLC with respect to the services specified in the Scope of Services section of this engagement letter.

Genesee County

Ted H
Board Chair

By

7-24-19

Date

**Professional Services Agreement – Health & Welfare Plan Consulting Services
Addendum to Plante Moran Group Benefit Advisors II, LLC Engagement Letter Dated July 10, 2019**

1. **Vendor Selection, Implementation, Ongoing Benefit Plan Support Services and Limitation of Services** – The plan and any related documents are the responsibility of Genesee County (hereafter referred to herein as “GENESEE”, “you,” or “your”). Our responsibility is to assist in the design, analysis, and presentation of existing medical benefits for the purpose of introducing alternative retiree medical plan strategy for GENESEE benefits eligible employees and retirees. This engagement will be limited solely to the services outlined within this engagement letter.
Our services will not constitute a compilation, review, or audit of GENESEE’ financial statements or other financial information. Accordingly, you represent and agree that you will not make reference to Plante Moran Group Benefit Advisors II, LLC in connection with any offering document or in any communication with any third party regarding financial statements or other financial information of GENESEE. If you require financial statements or other financial information for third party use, those services will be detailed in a separate engagement letter.
GENESEE also recognizes and acknowledges that these services do not include any assessment or evaluation of internal controls, plan administration or compliance with Internal Revenue Service or Department of Labor statutes, rules or regulations or any other laws and regulations, which are the responsibility of management, and cannot be relied upon to detect or disclose any fraud, defalcation, or other irregularities that may exist. Within the definition of Employer Retirement Income Security Act (ERISA), Plante Moran Group Benefit Advisors II, LLC services does not represent, and does not include, any administration of the plan, including but not limited to determination and allocation of contributions, earnings, forfeitures, administration of loans, withdrawals and distributions, and determination of participant eligibility.
2. **Management Responsibilities** – We will not make any management decisions. We may advise you about possible positions or elections, however, all final decisions about such matters are your responsibility. You have designated Kim Courts to oversee the services we will provide. GENESEE recognizes and acknowledges that it has the final responsibility for its plans, and accordingly, GENESEE agrees it will review the plans carefully to determine that the plans are, to the best of your knowledge and belief, true, correct and complete.
3. **Information** – As a condition of our engagement, GENESEE agrees that it is responsible for providing or making available to us in a timely manner the records, schedules, and analyses of information necessary for the performance of the services outlined in the engagement letter. We will not audit or verify the information provided; however, we may ask for additional clarification of some of that information. If any information that you provide appears to be incomplete or inaccurate, we will request additional or revised information to be provided to us. This duty may require the rescheduling or suspension of our work. In the event that work is rescheduled or suspended, and subsequently resumed, we offer no guarantee, express or implied that we will be able to meet any deadlines or other previously established deadlines related to the completion of our work.
Where we have provided estimates of the timing of our work, those estimates are dependent upon GENESEE providing us with all such records, schedules, and analyses on the date our work commences. If rescheduling or suspending our work imposes additional costs on us, in any circumstance where we have provided estimated fees, those estimated fees may be, with your approval, adjusted for the additional time we incur as a result of rescheduling or suspending our work. These fee adjustments will be determined in accordance with the Fee Adjustments provision of this agreement.
4. **Records** – GENESEE’s management is responsible for establishing and maintaining appropriate documentation and substantiation of deductions and tax positions in accordance with the requirements of applicable taxing authorities. You acknowledge and agree that regulatory authorities may impose tax, interest, or penalties if GENESEE fails to establish and maintain required documentation and that we assume no responsibility for any such assessments or penalties.
5. **Regulatory Authority Audits** – GENESEE’s plan documents and related filings may be subject to audit by applicable Regulatory authorities. We provide no guarantee, express or implied, of the outcome of any audit or any other determination by a Regulatory authority with respect to the plan documents maintained by GENESEE. In the event that such plan(s) are selected for examination by a Regulatory authority, we are available to represent GENESEE in such an examination at an additional charge. Our fee for the services covered by this agreement does not include representation in any examination or responding to other inquiries by Regulatory authorities.
We assume no responsibility related to the tax status or qualification of the plan(s), the legal form or operation of the plan(s), administrative interpretations associated with the plan(s) or inadequately supported documentation, or for any resulting taxes, penalty and interest.
6. **Confidentiality, Ownership, and Retention of Workpapers** – During the course of this engagement, Plante Moran Group Benefit Advisors II, LLC staff:
 - a. May have access to proprietary information of GENESEE, including, but not limited to, information regarding trade secrets, business methods, plans, or projects. We acknowledge that such information, regardless of its

form, is confidential and proprietary to GENESEE, and we will not use such information for any purpose other than our services or disclose such information to any other person or entity without the prior written consent of GENESEE. The parties do not anticipate that PMGBA will have access to protected health information. If PMGBA does have such access, PMGBA will execute our standard business associate agreement or one furnished by GENESEE which is reasonably acceptable to PMGBA.

- b. In some circumstances, we may use third-party service providers to assist us with certain services. In order to enable these service providers to assist us in this capacity, we must disclose information to these service providers that is relevant to the services they provide. Disclosure of such information shall not constitute a breach of the provisions of this agreement provided that PMGBA advises such service provider of the confidentiality obligation and obtains such provider's agreement to comply therewith. PMGBA shall not disclose protected health information to service providers.
 - c. In the interest of facilitating our services to you, we may communicate or exchange data by Internet, e-mail, facsimile transmission or other method. While we use our best efforts to keep such communications and transmissions secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept that we have no control over the unauthorized interception of these communications or transmissions once they have been sent, and consent to our use of these electronic devices during this engagement.
 - d. Professional standards require that we create and retain certain workpapers for engagements of this nature. All workpapers created in the course of this engagement are and shall remain the property of Plante Moran Group Benefit Advisors II, LLC. We will maintain the confidentiality of all such workpapers as long as they remain in our possession.
 - e. Both GENESEE and Plante Moran Group Benefit Advisors II, LLC acknowledge, however, that we may be required to make our workpapers available to regulatory authorities or by court order or subpoena. Disclosure of confidential information in accordance with requirements of regulatory authorities or pursuant to court order or subpoena shall not constitute a breach of the provisions of this agreement. In the event that a request for any confidential information or workpapers covered by this agreement is made by regulatory authorities or pursuant to a court order or subpoena, we agree to inform GENESEE in a timely manner of such request and to cooperate with GENESEE should you attempt, at your cost, to limit such access. This provision will survive the termination of this agreement.
 - f. We reserve the right to destroy, and it is understood that we will destroy, workpapers created in the course of this engagement in accordance with our record retention and destruction policies, which are designed to meet all relevant regulatory requirements for retention of workpapers. Plante Moran Group Benefit Advisors II, LLC has no obligation to maintain workpapers other than for its own purposes or to meet those regulatory requirements.
 - g. Upon GENESEE's written request, we may, at our sole discretion, allow others to view any workpapers remaining in our possession if there is a specific business purpose for such a review. We will evaluate each written request independently. You acknowledge and agree that we will have no obligation to provide such access or to provide copies of our workpapers, without regard to whether access had been granted with respect to any prior requests.
7. **Fee Estimates** – The professional fee structure for completion of this project will be based on the standard professional hourly rates for the assigned personnel times the hours needed to complete the project as outlined in this engagement letter, to which this Professional Service Agreement is attached. In the event that undisclosed or unforeseeable facts regarding these matters causes the actual work required for this engagement to be delayed, we will notify you of the events and seek your input to ensure unexpected costs, if any, are acceptable to you.
 8. **Payment Terms** – We will employ our standard billing practices and invoice you monthly for the time and expenses associated with our ongoing project work. It is our practice that we receive payment in full for invoices within 31 days of the invoice. Payments outside of the 31 day standard will be subject to the firm's normal late charge of 1.5% of the unpaid professional fees.
 9. **Fee Adjustments** – Any fee adjustments for reasons described elsewhere in this agreement will be determined based on the actual time that Plante Moran Group Benefit Advisors II, LLC staff expends at our standard hourly rates, plus all reasonable and necessary travel and out-of-pocket costs incurred, and included as an adjustment to our invoices related to this engagement. You acknowledge and agree that payment for all such fee adjustments will be made in accordance with the payment terms provided in this agreement.
 10. **Termination of Engagement** – This agreement may be terminated by either party upon thirty (30) days written notice. Upon notification of termination, our services will cease and our engagement will be deemed to have been completed. You will be obligated to compensate us for all time and directly related expenses expended through the date of termination of this engagement.

Health and Welfare Plan Consulting Service

11. **Limitation on Liability** – It is agreed that PMGBA will not be liable to GENESEE for damages or expenses that are the result of GENESEE or its representatives and/or vendors providing false, inaccurate, or incomplete information to PMGBA. Moreover, if PMGBA or any of PMGBA's officers, directors, partners, members, managers, employees, affiliated parent or subsidiary entities, and approved third party service providers (collectively "PMGBA Persons") are determined to be liable to GENESEE, any liability of PMGBA and/or PMGBA Persons for any and all claims, losses, costs or damages (including attorneys' fees and costs and expert witness fees) shall not exceed one (1) times the total compensation to PMGBA for this project. In no event will PMGBA be liable to GENESEE, whether a claim be in tort, contract, or otherwise, for any consequential, indirect, lost profit or similar damages relating to PMGBA's services provided under this engagement. None of the above limitations of PMGBA's liability shall limit PMGBA's liability for gross negligence, willful misconduct or any other liability which cannot be lawfully limited or excluded.
12. **Defense, Indemnification, and Hold Harmless** - As a condition of PMGBA's willingness to perform the services provided for in the engagement letter, GENESEE agrees to defend, indemnify, and hold PMGBA and PMGBA Persons harmless against any claims by third parties for losses, claims, damages, or liabilities, to which PMGBA or PMGBA Persons may become subject in connection with or related to the services performed in the engagement, unless a court having jurisdiction shall have determined in a final judgment that such loss, claim, damage, or liability resulted primarily from the willful misconduct or gross negligence of PMGBA, or one of PMGBA Persons.
13. **Mediation Before Arbitration** - If any dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Service Disputes. If the parties are unable to resolve the dispute through mediation within 90 days from the date notice is first given from one party to the other as to the existence of a dispute and the demand to mediate, then they may proceed to resolve the matter by arbitration. Costs of any mediation shall be shared equally by all parties.
14. **Arbitration Clause** – GENESEE and Plante Moran Group Benefit Advisors II, LLC, both agree that any dispute in connection with this engagement will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Service Disputes of the American Arbitration Association. Such arbitration shall be binding and final. IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT, IN THE EVENT OF A DISPUTE, EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE AND JURY AND INSTEAD ARE ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION.
15. **Conflicts of Interest** - Our engagement acceptance procedures include a check as to whether any conflicts of interest exists that would prevent our acceptance of this engagement. No such conflicts have been identified. You understand and acknowledge that Plante Moran Group Benefit Advisors II, LLC may be engaged to provide professional services, now or in the future, unrelated to this engagement to parties whose interests may not be consistent with yours. Further, we may, from time to time, provide analysis of benefit plan solutions for GENESEE's consideration from vendors, carriers, third party administrators, or other service providers from whom Plante & Moran PLLP, a non-controlling co-owner of Plante Moran Group Benefit Advisors II, LLC, provides review, audit, and compilation, advisory, and/or tax services. If such case exists, we will provide GENESEE with notice of such relationship so that you are aware of the services we provide and GENESEE, in its sole discretion, can determine if such vendor is suitable for GENESEE. As of the inception date of this agreement, we are not aware of any carrier(s) or vendors with whom GENESEE does business for its health & welfare plan where Plante Moran PLLP provides audit, tax and advisory services.
16. **Entire Agreement** – This engagement agreement is contractual in nature, and includes all of the relevant terms that will govern the engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this agreement, signed by all parties.
17. **Severability** – If any provision of this engagement agreement (in whole or part) is held to be invalid or otherwise unenforceable, the other provisions shall remain in full force and effect.
18. **Governing Law** – This agreement shall be governed by and construed in accordance with the laws of the State of Michigan.

End of Agreement – Health and Welfare Plan Consulting Service