



Contract by Authorized Board

Commodity or Service:

Consulting Actuary for Wisconsin
 Retirement System and Related Programs

Contract No.:

ETD0011 – Amendment #5 dated January 19, 2018

Authorized Board: Employee Trust Funds Board

Contract Period: January 1, 2018 through December 31, 2018

1. This Contract Amendment #5 is entered into by the State of Wisconsin Employee Trust Funds Board, hereinafter referred to as the "Board," and the State of Wisconsin Department of Employee Trust Funds (ETF), hereinafter referred to as the "Department," and Gabriel, Roeder, Smith & Company (GRS), hereinafter referred to as the "Contractor," whose address and principal officer appear on page 2 below. The Department is the sole point of contact for this Contract.
2. Whereby the Department agrees to direct the purchase and the Contractor agrees to supply the Contract requirements cited herein in accordance with the State of Wisconsin standard terms and conditions and in accordance with the Contractor's proposal date February 17, 2014 hereby made a part of this contract by reference.
3. In connection with the performance of work under this Contract, the Contractor agrees not to discriminate against any employees or applicants for employment because of age, race, religion, color, handicap, sex, physical condition, developmental disability as defined in s.51.01(5), Wis. Stats., sexual orientation as defined in s.111.32(13m), Wis. Stats., or national origin. This provision shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor further agrees to take affirmative action to ensure equal employment opportunities. The Contractor agrees to post in conspicuous places, available for employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the nondiscrimination clause.
4. Contracts estimated to be over fifty thousand dollars (\$50,000) require the submission of a written affirmative action plan. Contractors with an annual work force of less than fifty (50) employees are exempted from this requirement. Within fifteen (15) business days after the award of the Contract, the plan shall be submitted for approval to the Department. Technical assistance regarding this clause is provided by the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931, 608.266.2586, or via e-mail at ETFSMBProcurement@etf.wi.gov.
5. This initial contract period is for fifteen (15) months. Each contract period annually will be for twelve (12) months and extend unless and until either party gives the other 180 days' notice of their intent to cancel the contract.
6. The Contract Amendment #1 is dated January 7, 2016 and the costs are not to exceed \$231,750.
7. The Contract Amendment #2 is dated February 23, 2017 and the costs are not to exceed \$236,176.
8. The Contract Amendment #2 dated February 23, 2017 is to also add GRS additional services requested by ETF for: 1). Initial reduced retirement study, delivered on March 22, 2016 for \$5,000 from February 12, 2016 email; 2). Supplemental valuation, report dated August 9, 2016 for \$10,000 from June 2, 2016 fee letter; 3). Investigation of Cost Method, report dated September 1, 2016 for \$6,000 from August 19, 2016 fee letter; and 4). Dividend Reserve supplemental valuation, dated November 9 and December 14, 2016 for \$15,000 from August 19, 2016 fee letter. The total cost for these services are not to exceed \$36,000 and are not included in Section 7 above costs.
9. The Contract Amendment #3 is dated May 19, 2017 to add the April 19, 2017 fee letter for the Contemplated Cost Method Change for the Wisconsin Retirement System and the costs are not to exceed \$5,000.
10. The Contract Amendment #4 is dated December 21, 2017 for the consulting actuary related services, with the costs not to exceed \$241,301.
11. This Contract Amendment #5 dated January 19, 2018 adds additional GRS services requested by ETF for GASB Statement No.68 Employer Cost-sharing Allocations as described in the attached Scope of Work for this Amendment #5. Costs for this

work are not to exceed \$25,000 for 2018. For 2019 and subsequent years, the costs associated with this work are not to exceed \$15,000 per year.

12. For purposes of administering this Contract, the Order of Precedence is:
- A). The Contract with Gabriel, Roeder, Smith & Company (GRS);
 - B). This Contract Amendment #5 dated January 19, 2018;
 - C). The Contract Amendment #4 dated December 21, 2017;
 - D). The Contract Amendment #3 dated May 19, 2017;
 - E). The Contract Amendment #2 dated February 23, 2017;
 - F). The Contract Amendment #1 dated January 7, 2016;
 - G). Questions from vendors and ETF Answers dated January 28, 2014;
 - H). The RFP dated January 6, 2014, and;
 - I). Contractor's proposal dated February 17, 2014.

Contract Number & Service: ETD0011-Amendment #5 dated January 19, 2018
 Consulting Actuary for Wisconsin Retirement System and Related Programs

State of Wisconsin
Department of Employee Trust Funds
Signature <small>DocuSigned by:</small> <i>Robert J. Conlin</i>
Name/Title Robert J. Conlin Secretary Department of Employee Trust Funds
Phone 608.266.0301
Date (MM/DD/CCYY) 1/29/2018

Contractor
Legal Company Name Gabriel Roeder Smith & Company
Trade Name
Taxpayer Identification Number 38-1691268
Company Address (City, State, Zip) One Towne Square, Suite 800 Southfield, MI 48076
By (print Name) Judith A. Kermans
<small>DocuSigned by:</small> Signature <i>Judith A. Kermans</i>
<small>1C00B0DB0C9064BB...</small> Title President
Phone 248.799.9000
Date (MM/DD/CCYY) 1/29/2018

Scope of Work
Contract Amendment #5

This scope of work will be delivered as an amendment to the actuarial services contract with annual deliverables due to the Department per the schedule below. The scope includes GASB Statement No. 68 Employer Cost-sharing Allocations.

1. Scope of Work

GRS will provide ETF summary reporting information (Net Pension Liability, Pension Expense and Deferred Inflows/Outflows, etc, see Appendix) in an Excel format consistent with prior reporting. This will include proportionate share calculations (to eight decimals) based on a 3 year average of employer contributions. Our fees are based on two versions of the report: preliminary reporting to the Legislative Audit Bureau ("LAB") and a final version for distribution to Employers.

Data needed for each employer, to be provided by GRS in Excel format to Department.

Employer information:

- Employer number
- Employer name

Contributions:

- Contribution(s) used in the allocation % calculation (3 years for WRS):
 - o Contributions by year for all 3 years
 - o Total contributions
- Average contributions (if applicable)

Current year covered payroll

Allocation of proportionate share:

- Current year allocation %
- Previous year allocation %
- Current year allocated contributions (current year total contributions for all employers X the specific employer's current year allocation %)
- Difference between actual current year contributions and the current year allocated contributions
- Beginning Balance - Net Pension Liability (Asset) – (ending balance from the prior year)

Current year net pension liability (asset)

Deferred Outflows for current year:

- Difference between expected and actual experiences
- Net difference between projected and actual investment earnings on plan investments
- Changes of assumption
- Changes in proportion and differences between employer contributions and proportionate share of contributions
- Total deferred outflows of resources

Deferred Inflows for current year:

- ☐ Difference between expected and actual experiences
- ☐ Net difference between projected and actual investment earnings on plan investments
- ☐ Changes of assumption
- ☐ Changes in proportion and differences between employer contributions and proportionate share of contributions
- ☐ Total deferred inflows of resources

Deferred Outflows for prior years until fully amortized:

- ☐ Difference between expected and actual experiences
- ☐ Net difference between projected and actual investment earnings on plan investments
- ☐ Changes of assumption
- ☐ Changes in proportion and differences between employer contributions and proportionate share of contributions
- ☐ Total deferred outflows of resources

Deferred Inflows for prior years until fully amortized:

- ☐ Difference between expected and actual experiences
- ☐ Net difference between projected and actual investment earnings on plan investments
- ☐ Changes of assumption
- ☐ Changes in proportion and differences between employer contributions and proportionate share of contributions
- ☐ Total deferred inflows of resources

Net Deferred Outflows amortized in future years - by year (for example, for 2016 the future years were 2017 through 2021)

Net Deferred Inflows amortized in future years - by year (same example as deferred outflows above)

Net Pension Expense:

- ☐ Net proportionate share of plan pension expense (income)
- ☐ Net amortization of deferred amounts from changes in proportionate share and difference between employer contribution and proportionate share of contributions
- ☐ Total employer pension expense (income)

NPL Sensitivity to Changes in Discount Rate:

- ☐ Employers portion of the 1% decrease to discount rate (WRS - 6.2%) & no change to assumed dividend rate (WRS - 2.1%)
- ☐ Employers portion of the current discount rate (WRS - 7.2%) & no change to assumed dividend rate (WRS - 2.1%)
- ☐ Employers portion of the 1% increase to discount rate (WRS - 8.2%) & no change to assumed dividend rate (WRS - 2.1%)

UAAL:

- ☐ Employer unfunded actuarial accrued liability as of the current year end
- ☐ Employer percent of total system UAAL

Plan Information:

- Total fiduciary net position
- Total pension liability

2. Data Required from ETF

ETF will provide the reporting spreadsheet containing last year's allocations, including historical deferred inflows and outflows by employer. GRS will use this information to match what was provided last year. For this year's update, GRS needs

- the 3 year average of employer contributions on an employer by employer level for computing proportionate shares
- an employer name and employer number for each employer.

3. Timing of Deliverables:

We propose the following delivery schedule:

As soon as practical, ETF sends last year's reporting spreadsheet

May 14: GRS sends Preliminary report to ETF

Mid-June: ETF sends Preliminary report to LAB

Mid-July: ETF Provides updated asset information

Early-August: GRS provides updated Report

Early September: ETF uploads information to site for Employers

4. Fees

The total cost for this statement of work is not to exceed \$25,000 for the calendar year 2018.

For 2019 and subsequent years, the annual fee for this statement or work is not to exceed \$15,000.