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September 14, 2016

Mr. Robert C. Willett, CPA
Chief Trust Finance Officer
State of Wisconsin
Department of Employee Trust Funds
801 West Badger Road
Madison, Wisconsin 53707-7931

Re: GASB 74 Implementation Planning

Dear Bob:

Thank you for the opportunity to partner with you to plan for the implementation of GASB 74 for the Duty Disability Plan and Retiree Life Insurance Program.

PROPOSED SERVICES

Based on our discussions, Milliman proposes the following services to assist ETF in valuing its Retiree Life Insurance Program and in developing an implementation plan for the new requirements of GASB 74 for both the Duty Disability Plan and the Retiree Life Insurance Program:

Task 1 – Prepare 1/1/2016 GASB 43 valuation for the Retiree Life Insurance Program

Task 2 – Help ETF make preliminary GASB 74 implementation decisions:

- ETF provides details to Milliman on GASB 67/68 decisions
- Milliman reviews GASB 74/75 requirements for Plans included and develops recommendations for ETF's consideration
- Milliman meets with ETF staff to discuss and decide on next steps

Task 3 – Calculate the estimated GASB 74 impact at 12/31/2016

- Milliman uses 1/1/2016 GASB 43 valuations as the basis to prepare a pro forma analysis of 12/31/2016 GASB 74 reports based on market value of assets and discount rates that are mutually agreed upon
- Milliman meets with ETF staff to review results, confirm decisions, and develop implementation plan

Task 4 – True-up the estimated GASB 74 impact at 12/31/2016

- Milliman uses the results of the pro forma analysis from Task 3 to prepare illustrative 12/31/2016 GASB 74 reports based on 12/31/2016 market value of assets reported by ETF and published 12/31/2016 discount rate
- Milliman meets with ETF staff to review results, confirm decisions, and fine-tune implementation plan

FEES

We propose the following fixed fees for the project scope outlined services:

Project Step	Duty Disability Plan	Retiree Life Insurance Program
Task 1	N/A	\$15,000
Task 2	\$ 8,000	8,000
Task 3	12,000	12,000
Task 4	8,000	8,000
Tasks	\$28,000	\$43,000

Any additional services are available on a time and expense basis. Our 2016 billing rates are shown below, but are subject to changes in the future.

Position Level	2016 Hourly Billing Rate
Principal & Consulting Actuary	\$350 to \$450
Benefits Consultant	\$360
Consulting Actuary	\$330 to \$400
Actuary	\$250 - \$350
Actuarial Analyst	\$150 - \$250
Administrative Assistant	\$100 - \$150

In addition to professional fees, we will bill for out-of-pocket expenses (e.g., reasonable hotel, meals and travel), if any, related to the project.

CONTRACTING

If this proposal is acceptable to you, Milliman will work with ETF to amend our existing contract to incorporate the GASB 74 work for the Duty Disability Program, and we will work with both Securian and ETF to develop a contract for our work on the Retiree Life Insurance Program.

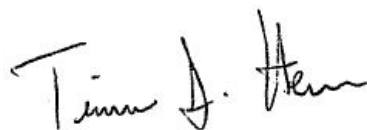


Thank you again for this opportunity. Please call either me (207-771-1203) or Tim Herman (262-796-3318) with any questions or comments.

Sincerely,



Daniel D. Skwire, FSA, MAAA
 Principal and Consulting Actuary



Timothy J. Herman, FSA, EA MAAA
 Principal and Consulting Actuary

DS/TJH/cmw