



State of Wisconsin
 Department of Employee Trust Funds
 4822 Madison Yards Way
 Madison, WI 53705-9100
 P. O. Box 7931
 Madison, WI 53707-7931

Contract by Authorized Board

Commodity or Service:

Contract No.:

Consulting Actuary for Wisconsin
 Group Insurance and Disability Programs

ETD0013 – Amendment #8 dated January 17, 2019

Contract Period: January 1, 2019 through December 31, 2019

1. This Contract Amendment #8 is entered into by the State of Wisconsin, Department of Employee Trust Funds hereinafter referred to as the "Department," and Milliman, Inc., hereinafter referred to as the "Contractor," whose address and principal officer appear on page 3 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 to add Milliman's Proposal for Disability Plan Design Analysis Scope of Work dated January 13, 2015 (amended March 26, 2015). Task reimbursement amounts are eligible for payment from Table 1, when ETF gives written acceptance of the tasks satisfactory receipt and will cost no more than \$75,000. All task estimated timeframes are mutually agreed upon and deviations must be mutually agreed upon. The Contract Amendment 1 may be amended to reflect any change in tasks' estimated timeframes, additional requested work or costs associated with additional work requests. The Additional Plan Design Options (APDO) for researching the plan design for similar employers, including other state systems and large public sector plans will cost no more than \$5,000. Reimbursement for the APDO work is eligible for payment when ETF gives written acceptance of satisfactory receipt. All travel expenses associated with the services for this amendment shall be billed at actual costs, be reasonable for the work conducted, and when appropriate, be at state approved rates. Contract Amendment 1 is for the total cost not to exceed \$80,000.
7. The Contract Amendment 2 is dated February 3, 2016 for the consulting actuary related services, with the costs not to exceed \$118,450.
8. Article 6 above is amended to add expanded project analysis work on the Income Continuation Insurance (ICI) program and hereby incorporated by reference the Milliman letter dated January 21, 2016 for the Disability Plan Design Work. Delivery date for this expanded project analysis is June 30, 2016. The expanded analysis project, project delivery date, and an additional amount of \$25,000 has been mutually agreed upon. The original amounts from Article 7 and the additional amount included in this article are in addition to the contract amount for the consulting actuary related services specified in Article 8.

9. The Contract Amendment 3 is dated September 23, 2016 for the GASB 74 Implementation Planning, with the costs not to exceed \$71,000.
10. The Contract Amendment 4 is dated February 13, 2017 for the consulting actuary related services, with the costs not to exceed \$120,712.
11. The Contract Amendment 4 is dated February 13, 2017 and amends Contract Amendment 1 Scope of Work dated March 26, 2015, as permitted in Article 6 to include costs associated with additional work requests in the amount of \$5,000 and to remove provisions in Article 6 related to APDO work. The total cost for these services are not to exceed \$5,000 and are not included in Section 10 above costs.
12. The Contract Amendment 5 is dated January 5, 2018 for consulting actuary related services, with the costs not to exceed \$123,332.
13. The Contract Amendment 6 is dated June 22, 2018 and adds Amendment 6A which documents Contractor's scope of work, detailed in Attachment 6A, and clarifies payment is to be made by the Department's third party administrator of the Life Insurance Program to Contractor, and also adds Amendment 6B which documents the scope of Contractor's presentation related to the new GASB standards 74 and 75 impacting the valuation of the Retiree Life Insurance programs (State and Local plans) to the Wisconsin Group Insurance Board on August 22, 2018, the costs for which are not to exceed \$4,500.
14. The Contract Amendment 7 is dated October 2, 2018 which documents Contractor's scope of work detailed in Milliman's September 24, 2018 letter (attached), the costs for which are not to exceed \$25,000 and all work completed prior to the November 14, 2018 Group Insurance Board meeting.
15. This Contract Amendment 8 is dated January 17, 2019 which documents:
 - Contractor's scope of work detailed in Contractor's December 19, 2018 letter to the Department (attached) for actuarial audit of accumulated sick leave conversion credit program valuation wherein costs shall not exceed \$35,000; and
 - The consulting actuary related services, with the costs not to exceed \$126,021 for calendar year 2019.
16. For purposes of administering this Contract, the Order of Precedence is:
 - A). The Contract with Milliman, Inc. dated July 31, 2014;
 - B). This Contract Amendment 8 dated January 17, 2019;
 - C). the Contract Amendment 7 dated October 2, 2018;
 - D). the Contract Amendment 6 dated June 28, 2018;
 - E). the Contract Amendment 5 dated January 5, 2018;
 - F). the Contract Amendment 4 dated February 13, 2017;
 - G). the Contract Amendment 3 dated September 23, 2016 and Milliman letter dated September 14, 2016;
 - H). the Contract Amendment 2 dated February 3, 2016 and Milliman letter dated January 21, 2016;
 - I). the Contract Amendment 1 dated March 26, 2015;
 - J). questions from vendors and ETF Answers dated January 28, 2014;
 - K). Exhibit A, Changes Agreed to by the Parties from the Request for Proposal (RFP) ETD0013;
 - L). Exhibit B, Business Associates Agreement dated June 3, 2014;
 - M). the RFP dated January 6, 2014; and,
 - N). Contractor's proposal dated February 17, 2014.

Contract Number and Service: ETD0013-Amendment #8
 Consulting Actuary for Wisconsin Group Insurance and Disability Programs

State of Wisconsin	
Department of Employee Trust Funds	
Signature	DocuSigned by: <i>Robert J. Conlin</i> <small>249588FF085F481...</small>
Name/Title	Robert J. Conlin Secretary, Department of Employee Trust Funds
Phone	608.266.0301
Date (MM/DD/CCYY)	1/22/2019

Contractor	
Legal Company Name	Milliman, Inc.
Trade Name	Milliman
Taxpayer Identification Number	91-0675641
Company Address (City, State, Zip)	121 Middle Street Suite 401 Portland, ME 04101
By (print Name)	Daniel D. Skwire
Signature	DocuSigned by: <i>Daniel D. Skwire</i> <small>6D8338A613D1484...</small>
Title	Principal
Phone	207.771.1203
Date (MM/DD/CCYY)	1/17/2019



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milliman.com

December 19, 2018

Ms. Cindy Klimke, CPA
Chief Trust Finance Officer
State of Wisconsin
Department of Employee Trust Funds
4822 Madison Yards Way
Madison, Wisconsin 53705-9100

RE: Actuarial Audit of Accumulated Sick Leave Conversion Credit Program Valuation as of December 31, 2018

Dear Cindy:

Thank you for the opportunity to submit a proposal for performing an actuarial audit of the Accumulated Sick Leave Conversion Credit (ASLCC) program valuation. The valuation will be performed by Gabriel Roeder Smith & Company (GRS) based on ASLCC data as of December 31, 2018. This letter contains an outline of the services that we can perform on this assignment, along with a suggested time frame and cost estimate.

Proposed Services

We propose performing the following specific tasks as part of the actuarial audit of the ASLCC program:

- Perform a full-scope actuarial audit, replicating the key results from the December 31, 2018 actuarial valuation, using the same census data, assumptions, and actuarial methods used by GRS.
- Review and report on reasonableness and appropriateness of the valuation methods, demographic and economic assumptions, and conclusions of GRS.
- Determine whether the actuarial methods, assumptions, and analysis were technically sound and conform to the applicable standards of practice as promulgated by the Actuarial Standards Board.
- Prepare a written report and opinion containing the findings, recommendations, and conclusions from the audit.
- Walk through and discuss a draft report with ETF and GRS staff via phone conference.
- Present final report to the ETF Board at its September 19, 2019 meeting. Prepare a PowerPoint presentation to accompany the report, summarizing work and results.

Project Fees

We propose a fixed fee of \$35,000 for performing the tasks outlined above. This fee assumes one round of back-and-forth communication with GRS to address any issues with their report. If repeated iterations are necessary to resolve the issues (for example, if we have material challenges in replicating their valuation results), then we may need to revise the budget estimate.

Timeline

We will begin the audit in June of 2019. We will submit a draft report containing the results from our audit by August 9, 2019, and we will submit a final report by August 21, 2019.

Contracting

If this proposal is acceptable to you, Milliman will work with ETF to amend our existing contract to incorporate the actuarial audit of the ASLCC 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

cc: P. Correia and T. Herman (Milliman)