



## Contract By Authorized Board

**Commodity or Service:** Federal Tax Counsel to the State of Wisconsin  
Employee Trust Funds Board for the Wisconsin  
Retirement Systems and related programs

Request for Bid/Proposal No: ETI0009

Authorized Board: Employee Trust Funds  
Board

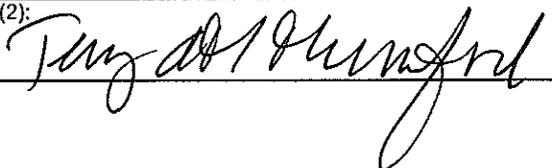
**Contract Period:** 06/15/2009 through 06/30/2010 with an option to extend the contract for five (5) additional one-year periods subject to the satisfactory negotiation of terms acceptable to the Department and named firm.

1. This contract is entered into by and between the State of Wisconsin, Department of Employee Trust Funds (Department), the State of Wisconsin Employee Trust Funds Board (Board), and the contractor whose name, address, and principal officer appears on page 2. The Department is the sole point of contract for Board contracting;
2. Whereby the Department of Employee Trust Funds agrees to direct the purchase and the contractor agrees to supply the contract requirements cited above in accordance with the terms and conditions of the request for bid cited above, and in accordance with the contractor's bid submitted on this request for bid which request for bid is hereby made a part of this contract;
3. In connection with the performance of work under this contract, the contractor agrees not to discriminate against any employees or applicant 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. Except with respect to sexual orientation, 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 twenty-five thousand dollars (\$25,000) require the submission of a written affirmative action plan. Contractors with an annual work force of less than twenty-five (25) employees are exempted from this requirement.  
  
Within fifteen (15) working 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 Purchasing Agent, Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931, (608) 266-8989, mark.blank@etf.state.wi.us.
5. For purposes of administering the contract, the Order of Precedence is: the official purchase order; this contract; Amendment -1 dated 06/02/2009 with Ice Miller LLP; Letter dated 05/11/2009 from Ice Miller LLP; State's revisions, addendum, and supplements to RFP; RFP issued 01/22/2009 the Standard terms and conditions; and Contractor's response to the RFP

*This document can be made available in accessible formats to qualified individuals with disabilities.*

**Contract Number & Service: ETI0009 Federal Tax Counsel to the State of Wisconsin Employee Trust Funds Board for the Wisconsin Retirement Systems and related programs**

<b>State of Wisconsin Department of Employee Trust Funds</b>
By Authorized Board (Name) Employee Trust Funds Board
By (Name) Robert J. Conlin
Signature 
Title Deputy Secretary, Department of Employee Trust Funds
Phone 608-261-7940 bob.conlin@etf.state.wi.us
Date (MM/DD/CCYY) 06/11/2009
Witness (1): 
Witness (2): 

<b>To be Completed by Contractor</b>
Legal Company Name Ice Miller LLP
Trade Name
Taxpayer Identification Number 35-0874357
Company Address (City, State, Zip) ONE AMERICAN SQ., 29th Fl., INDIANAPOLIS, IN 46202-0200
By (Name) MARY BETH BRAITMAN
Signature 
Title PARTNER
Phone 317/236-2100
Date (MM/DD/CCYY) June 8, 2009
Witness (1): 
Witness (2): 

AMENDMENT 1 – ET10009 6/2/09

SPECIAL TERMS AND CONDITIONS

1. Inform designated agency official of any changes in key staff assigned under this contract as identified in Section B. Proposer Qualifications, Part 1.0 (4.) Experience and References. If possible, notification should be made prior to the change.
2. As requested by the State of Wisconsin Legislative Audit Bureau (LAB) in their annual audit, the vendor agrees to provide the appropriate representation letter and information at no additional cost.
3. With prior approval from the designated agency official, travel expenses shall be billed and paid in conformity with State of Wisconsin guidelines (Quick Tips For ETF Travelers ET-8925).
4. Prior to initiating work on a phase or task, prior approval from the designated agency official must be obtained.

PROPOSED LIST OF COMPLIANCE PROJECTS –

Based upon the April 27, 2009 meeting between Mary Beth Braitman and Terry Mumford of Ice Miller and representatives of the Wisconsin Department of Employee Trust Funds (ETF), Ice Miller prepared a list of proposed compliance projects to meet the needs of the Department as set forth in the RFP. The list proposed by Ice Miller included a suggested priority and timeline for each project. The expectation is that items 1, 2 and 5 will be worked on concurrently, and that items 3 and 4 will be worked concurrently, after completion of parts 1, 2 and 5. If during the First Phase, Ice Miller determines that costs will exceed estimated costs (as set forth in letter of May 11, 2009) for part 1 of the First Phase, Ice Miller will immediately notify ETF of this possibility.

SUGGESTED FIRST PHASE

1. Compliance with Internal Revenue Code Section 415 – 12 weeks
  - a. Research prior legal analysis –Ice Miller would review prior legal analysis to determine the basis upon which the current 415 testing regimen is based.
  - b. Provide recommendations to ETF regarding future approach – After reviewing the prior legal analysis, Ice Miller would determine the impact of the Final 415 Regulations on the current testing regimen and provide our recommendations for future action.

This step may require Ice Miller to consult with the IRS. However, the need for that step will not be known until the research is complete. Ice Miller would consult with ETF prior to making any IRS contact.
  - c. Finalize 415 approach – This would involve agreeing on a complete testing protocol for 415 with ETF and the actuary.
  - d. Finalize 415 language – The 415 approach for the future would have to be finalized before Ice Miller could complete the plan document compliance project.

However, the two projects could proceed simultaneously, with the understanding that the final plan compliance language with respect to 415 compliance would be dependent on the results of the 415 compliance project.

e. Determine if a voluntary compliance (VCP) filing is needed – As Ice Miller finalizes all aspects of this project, Ice Miller would present its recommendations to the Department, along with an explanation of the anticipated cost and procedures to be followed.

## 2. Plan Document Compliance – 8 weeks

a. Compile plan document – This step is essentially complete based upon material Mary Alice has provided Ice Miller. Ice Miller would want to confirm with her and other appropriate parties whether there are other documents that should be considered as part of the plan document.

b. Identify amendments that are needed for federal law compliance – This step would entail preparing amendments that would be needed to bring the plan document into compliance with current federal law – including plan amendments that would be necessary for a determination letter, as well as other federal law changes. After the Department sees the suggestions from Ice Miller, Ice Miller would consult with the Department as to whether amendments would be made by legislation, regulation, procedures, or some combination thereof. As noted above, the plan document language related to 415 compliance would not be finalized until the 415 compliance project is completed.

c. Determine if a voluntary compliance (VCP) filing is needed for any amendments

– Ice Miller would present its recommendations to the Department along with an explanation of the anticipated cost and procedures to be followed.

## 3. 403(b) Compliance – 12 weeks

a. Research history of 403(b) program – Ice Miller believes that ETF staff has completed much of the work for this step. Ice Miller would review what has been compiled and identify if there are additional issues that should be explored.

b. Make recommendations for future action – It is Ice Miller's understanding that ETF has determined to close this program. Ice Miller's recommendations would be based upon that premise. The recommendations may include consultation with IRS officials, filing an IRS private letter ruling filing to confirm the grandfathered status of the 403(b) program, establishing a transitional program for existing accounts, and consideration of actual liquidation of existing accounts.

c. Specific compliance questions – Ice Miller would also address specific compliance questions that ETF staff has about the 403(b) program.

## 4. Supplemental Contributions – 8 weeks

a. Research existing supplemental contribution options – This step would in essence be based upon ETF staff research.

b. Provide recommendations for future actions – This step will also be covered (in part) as part of the 415 project.

5. 401(a)(17) Compliance – 4 weeks

a. Provide briefing document on compliance – Ice Miller would provide ETF staff with a briefing paper regarding compliance with the compensation limits of Internal Revenue Code Section 401(a)(17).

b. Staff review – ETF staff would review the briefing document, including comparing to current practices, considering data and system limitations and issues, developing questions and comments on draft.

c. Work with ETF staff on compliance issues – Ice Miller would work with ETF staff on the results of their review, including any corrections that are necessary and develop future testing protocols as necessary.

d. Determine if a voluntary compliance (VCP) filing is needed – Ice Miller would present its recommendations to ETF along with an explanation of the anticipated cost and procedures to be followed.

SUGGESTED SECOND PHASE

[MORE DETAILS WILL BE PROVIDED AS INFORMATION DEVELOPS FROM RESEARCH IN EARLIER PHASE]

6. Taxation and Reporting – 1099-Rs – 16 weeks

a. Determine basis recovery approach

b. Respond to questions regarding \$3000 exclusion

c. Address domestic partner benefits, including reporting of imputed income and DROs

d. Line of duty disability taxation rules

e. 1099-R coding

f. Corrections

7. Rollovers – 4 weeks

a. Notice (mandatory)

b. Non-spouse rollovers

c. Roth rollovers

SUGGESTED THIRD PHASE

[ICE MILLER WILL CREATE A DETAILED TIMELINE FOR ETF IF DECISION IS MADE TO FILE FOR DETERMINATION LETTER]

8. Consider "Cycle E" IRS Application for Determination Letter

a. Provide Ice Miller recommendation on Cycle E filing by May 1, 2010

b. ETF decision on filing by August 1, 2010