



Contract By Authorized Board

Commodity or Service: Consulting Actuary to the State of Wisconsin Employee Trust Funds Board for the Health Insurance Programs Offered by the State of Wisconsin Group Insurance Board

Request for Bid/Proposal No:

ETG0012 Amendment 4

Authorized Board:

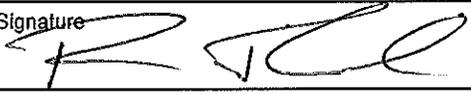
Employee Trust Funds Board

Contract Period: 10/01/2010 through 09/30/2012, with an option to extend the contract for one additional two-year period 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 First Amendment to the proposal dated August 13, 2007 including exhibit 1, Business Associate Addendum; the official purchase order; RFP ETG0012 dated April 18, 2007 (including all appendices and amendments); the Standard terms and conditions; and Contractor's response to the RFP
6. Extend contract for two years, 10/01/2010 thru 09/30/2012 with the option for one additional two-year period.
7. The Third Amendment, Dated January 7, 2011, is created as part of this contract to clarify additional services provided by the Contractor to assist the Department in data aggregation for participation in the Early Retiree Reinsurance Program (ERRP). Total costs for work associated with this amendment are not to exceed \$255,000 without prior written authorization. In conjunction with the cost limit, Contractor's work effort will not exceed the total hours outlined in Exhibit 1 of this Amendment even if the scope of services is not yet completed. If during the course of the project it appears the total hours will exceed the amount indicated in Exhibit 1, Contractor will discuss such circumstance with the Department in advance to reach a mutual agreement.
8. The Fourth Amendment, dated August 18, 2011 is created as part of this contract to clarify addition services provided by the Contractor to assist in Retiree Health Program Actuarial Valuation GASB 45. Total costs for work associated with this amendment are not to exceed \$101,000 without prior written authorization. The required deliverables related to these services will be provided on or before June 30, 2012. P.O. ETB0000025

Contract Number & Service: ETG0012 Consulting Actuary to the State of Wisconsin Employee Trust Funds Board for the Health Insurance Programs Offered by the State of Wisconsin Group Insurance Board

State of Wisconsin Department of Employee Trust Funds
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
Date (MM/DD/CCYY) 8/30/2011

To be Completed by Contractor
Legal Company Name Deloitte Consulting, LLP
Trade Name Deloitte Consulting
Taxpayer Identification Number 061454513
Company Address (City, State, Zip)
By (Name)
Signature



August 18, 2011

Mr. Robert Willett
Controller and Chief Trust Financial Officer
Dept. of Employee Trust Funds
801 West Badger Road
Madison, WI 53713-2526

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50 South Sixth Street
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Subject: Agreement to Provide Actuarial Valuation Services for the Retiree Health Program under GASB Statement No. 45

Dear Bob:

The purpose of this letter is to document that the Wisconsin Department of Employees Trust Funds has requested that Deloitte Consulting perform an actuarial valuation of the Retiree Health Program based on the requirements of GASB Statement No. 45.

The actuarial valuation will be performed as of January 1, 2011 and will include:

- Calculation of the unfunded actuarial accrued liability
- Calculation of the annual required contribution for Fiscal Years 2012 and 2013
- June 30, 2012 and June 30, 2013 GASB No. 45 financial disclosure information
- Analysis of plan experience
- 10-year projection of expected benefit payments
- All results broken out by WHEDA vs. Other State Members; the liability and projected benefit payments will be split by Implicit Rate vs. Medicare Part D subsidies (if applicable)

These services will be performed under the contract agreement ETG0012: *For Services to be Provided as the Consulting Actuary to the State of Wisconsin Employee Trust Funds Board for the Health Insurance Programs Offered by the State of Wisconsin Group Insurance Board.* The cost of providing the services outlined above will be \$101,000 and will be billed to the Department of Employee Trust Funds periodically throughout the performance of the valuation services. The required deliverables related to these services will be provided on or before June 30, 2012.

If the details of this agreement are in accordance with your understanding, please sign and date below and return the letter to Michael de Leon of Deloitte Consulting.

Sincerely,

Deloitte Consulting LLP

Deloitte Consulting LLP

By: *Patrick Pechacek*
Patrick Pechacek
Director

Accepted By: *[Signature]*
Authorized Representative of Dept. of Employee Trust Funds

Date: 8/30/2011 Robert J. Conlin Deputy Secretary

ETBC0000025 Deloitte Consulting
ETG0012 Amendment # 4 August 18, 2011
Retiree Health Program Actuarial Valuation

2011 Agreement for Purchase of GASB 45 OPEB Information

This agreement is between the Wisconsin Department of Administration and the Wisconsin Department of Employee Trust Funds.

Purpose:

The Wisconsin Department of Administration (DOA) is seeking financial information regarding other postemployment benefit information (OPEB Information) (i.e., benefits other than pensions) for programs administered by the Wisconsin Department of Employee Trust Funds (DETF) in which the State participates as an employer. This OPEB Information is to be incorporated into the State of Wisconsin's audited Fiscal Year 2012 *Comprehensive Annual Financial Report (CAFR)* to meet financial reporting requirements issued by the nationally-recognized Governmental Accounting Standards Board (GASB) in their Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

Background:

Each year, the DOA-State Controller's Office prepares a CAFR for the fiscal year ended June 30 that presents financial statements prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the GASB. The CAFR, which must be published by mid-December following the close of the fiscal year, is audited by the Legislative Audit Bureau. The financial statements presented in the CAFR have historically received an unqualified opinion from the auditors. The financial statements presented in the CAFR are based on a combination of information obtained from the State central accounting system and provided by State agencies.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45), was effective with financial statements for periods beginning after December 15, 2006. GASB 45 establishes standards for the measurement, recognition and display of other postemployment benefits (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local government employers. OPEBs include postemployment health care, as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. Since the State of Wisconsin, as an employer, provides OPEBs as part of the total compensation offered to employees, the State must comply with the reporting requirements of GASB 45. The Statement specifies valuations of the OPEBs are to be completed at least once every two years for the State. Beginning with the fiscal year 2008 CAFR, the State has complied with those reporting requirements by obtaining required information through the DETF.

The DETF administers the types of programs potentially covered by the GASB 45 requirements. For example, the DETF administers the health, life, income continuation, long-term disability and long-term care insurance programs, along with the retirement disability coverage. The DETF has identified the existence of OPEBs as defined by GASB 45 for certain of these programs. The DOA is requesting that the DETF provide the GASB 45 OPEB information for the fiscal year 2012 and 2013 CAFRs, accordingly. The DOA will pay the DETF for the additional costs incurred to compile the GASB 45 OPEB information.

Deliverables:

The DETF will provide GASB 45 actuarial OPEB Information for the following program:

- Health Insurance (both pre-age 65 postretirement medical benefits for State employees (implicit rate subsidy) and post-age 65 liabilities for State employees, if necessary (Medicare Part D subsidy))

If additional GASB 45 OPEBs are identified subsequent to the date of this agreement but before or during the course of the compilation of the 2012 CAFR, the DOA is also requesting that the DETF provide such OPEB information in order for the State to fulfill the GASB 45 requirements and meet its goal of having the financial statements receive an unqualified opinion from the auditors.

Deliverables (Continued):

GASB 45 OPEB information to be provided by the DETF for the Health Insurance Program in which the State of Wisconsin participates as an employer is as follows:

- Financial information to identify and/or calculate the amounts to be reported as liabilities and expenditures/expenses in the government-wide financial statements and the proprietary fund financial statements of the State of Wisconsin's CAFR following the requirements of GASB 45. Such information will address requirements of GASB 45, Paragraphs 4 through 23 (where applicable), and will include the calculation of the GASB 45 liability, the annual required contributions of the employer (ARC), and the OPEB costs, based on a valuation as of January 1, 2011.
- Footnote disclosures as required by GASB 45, Paragraphs 24 and 25, where applicable.
- Other OPEB Information, including Required Supplementary Information (as discussed in GASB 45, Paragraphs 26 and 27), where applicable.

The financial information and note disclosures may be delivered to the DOA State Controller's Office either electronically or in paper copy form.

Timeframe of Agreement:

The desired completion date for receipt of this information is no later than June 30, 2012.

Payment:

The DETF will bill the DOA State Controller's Office for the cost of providing this OPEB information relating to GASB 45. The estimated cost is \$101,000. If, during the process of acquiring and/or compiling this OPEB information, the DETF becomes aware that the actual cost may exceed the estimate, the DETF will contact the DOA before proceeding to incur additional costs.

Upon receipt of periodic invoices and associated supporting documentation from the DETF, the DOA will initiate payment to the DETF for the GASB 45 OPEB information. The DOA will pay DETF within 15 days of receipt of the invoice. Final payment will be made after the submission of the aforementioned deliverables to DOA State Controller's Office.

Approval:

Stephen Zensky
 Name
State Controller
 Title
DOA
 Agency
8-15-11
 Date

R JCE
 Name
Deputy Secretary
 Title
DETF
 Agency
8/17/2011
 Date

ETG0012 Deloitte Amendment # 4
 DOA / ETF MOU August 17, 2011
 2011 OPEB GASB 45 Information
 Retiree Health Program Actuarial Valuation